

**THE OPERATION AND
MANAGEMENT OF
MULTI-FAMILY HOUSING
IN ROMANIA**

**A REFERENCE MANUAL FOR
OWNERS ASSOCIATIONS**

Prepared for

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TABLE OF CONTENTS

MODULE 1: Roles and Responsibilities of the Owners Association Executive Committee	1
MODULE 2: Managing the Property: The Elements and the Options.....	41
MODULE 3: Facilities Maintenance	51
MODULE 4: Contracted Services	77
MODULE 5: Financial Management.....	91
MODULE 6: Developing and Enforcing Rules	131
MODULE 7: Developing the Management Plan	145
MODULE 8: Relations with Public Institutions	159
MODULE 9: Communications.....	171

MODULE 1

ROLES AND RESPONSIBILITIES OF THE OWNERS ASSOCIATION EXECUTIVE COMMITTEE

Module Objectives:

Identify the powers and duties of the Executive Committee as defined by an association's governing documents and the law.

Learn Executive Committee requirements to apply the general principles of fiduciary responsibilities, and to use good business judgement.

Learn what skills to bring with you when you serve on an Executive Committee; and what habits should be left behind!

Identify tasks to assist the Executive Committee which owner volunteers or committees may perform.

Review effective methods used by associations to conduct business in Executive Committee meetings, General Assemblies, and other meetings.

The Methodological Norms for the Implementation of the housing Law no. 114/1996 establishes in its Section IV precise regulations regarding the formation, organization, and functioning of owners' associations. These regulations appear at the end of this module in Annex 2. The information presented in this module, as well as in subsequent modules, is intended to assist owners' associations to organize themselves and manage their affairs effectively and in compliance with the law.

The Owners' Association, at its first meeting, must elect an Executive Committee which will represent the Association in its dealings with public authorities and service providers. The General Assembly must determine the number of committee members. Typically the Association Agreement for an owner's association does require that the General Assembly retain certain functions, and does not allow these to be delegated to the Executive Committee.

Duties of the General Assembly which may not be delegated to the Executive Committee are:

- Hire Management
- Approve the Budget and set Assessment Levels
- Approve Capital Improvements
- Elect the Auditing Committee
- Approve Amendments to the Association Agreement

Elect the Executive Committee

It is necessary to delegate considerable authority to the Executive Committee in order to operate effectively. An Owners Association may include one hundred or more owners. For example, it would not be feasible to have all owners gather together to decide on items such as the cleaning schedule for the janitor or to analyze and come to a conclusion regarding a repair.

In their role as Executive Committee members, the owners who are elected representatives have the responsibility to facilitate the operation of the physical plant, monitor and review financial activities, and deal with all administrative areas which may include legal actions, promulgating and implementing rules, negotiations with government entities, and general correspondence and record keeping.

Here is a detailed list, although not necessarily all inclusive, of Executive Committee responsibilities:

- Maintain, repair and replace all common property which is required to be maintained by the Association.

- Develop and implement effective financial procedures and record keeping to provide a system of checks and balances, protect Association funds, assure accurate historical financial information, and create the mechanism for monitoring financial performance.

- Develop approve and enforce reasonable rules and regulations as needed to promote a safe, and peaceful environment for residents.

- Develop and approve administrative policies and procedures to put into place the plan, systems and controls to make each element of management of the property successful.

- Oversee the hiring and supervision of employees and contractors serving the community.

- Maintain an informed stance on all federal and local legislation affecting Owners Associations.

- Communicate effectively with owners.

Executive Committee members must remember that they are acting as representatives of all owners. When they are serving in their Executive Committee functions, their individual concerns as an owner must be secondary. Their primary concerns are how an action will affect the interest of the Owners Association as a whole. In order to be successful in this endeavor, Executive Committee members must always avoid conflicts of interest. It is unacceptable for a Executive Committee member to decide

on an action because it will benefit them in their professional or personal lives. Secondly, Executive Committee members should always refuse unauthorized remuneration. Depending on the model of property management used, some Executive Committee members may be paid for their roles. However, if this is the case, it should be agreed upon by the owners in advance and a schedule of fees should also be disclosed in advance. Finally, a Executive Committee member must refuse any discounts or rebates. For example, if a roofing company suggests that it will give Executive Committee members a payment if it is awarded the roofing job, the Executive Committee must refuse this offer.

One of the best ways to ensure that Executive Committee members act responsibly is to make certain that the Association Agreement and any other written materials such as Bylaws are comprehensive, clearly written and very specific in how issues are to be handled. Communications with owners is also critical to make certain that everyone is informed and understands what is happening and how an action will affect the Owners Association.

What is Fiduciary Responsibility?

Fiduciary responsibility pertains to a position of trust and confidence.

It has legal stature: a person who has agreed to act as an Executive Committee member and fails to exercise fiduciary responsibility to the owners is legally vulnerable. The legality is defined upon election to the Executive Committee. Members who accept the position are entrusted with the care, protection and use of someone else's money and property.

Executive Committee members may not allow the assets of the association to deteriorate. Assets may not be unduly exposed to abuse, theft, or misuse.

Executive Committee members may not speculate, experiment, or take risks with association assets.

Executive Committee members should act with absolute honesty in communications to owners of the property in their trust.

Executive Committee members' decisions should be arrived at on a *reasonable* basis by first conducting research, examination of alternatives, assessing risks, and obtaining cost comparison information. Making decisions on this basis means that the Executive Committee uses good business judgment.

You do have the Skills to be a Good Executive Committee Member!

After reviewing the rather intimidating list of Executive Committee responsibilities, it would be natural for a person to question whether they have the qualifications necessary to do a good job.

Many Executive Committees are comprised of 3-5 people with different interests and skills, and the combination of those skills makes for a winning team! It is always helpful to have some Executive Committee members with good heads for figures, someone who understands the mechanical and physical operations of a building, and someone with good management and leadership skills to help the Executive Committee work well together. But even these people need not possess a university degree in the subject, or extensive related work experience to be valuable, contributing members of the Executive Committee.

The most valuable attributes Executive Committee members can bring to their association are:

Dependability. Be an Executive Committee member who can be counted on to come to meetings, and follow through on commitments made.

The Ability to Do Your Homework. Be prepared for Executive Committee Meetings. If the Executive Committee will discuss the approval of a contract, read it carefully ahead of time, have your questions ready. Read the minutes of the prior meeting before the next meeting, and have any recommended amendments ready.

Good Listening Skills. Appreciate the opinions of others, and respect their right to state their opinion.

Communication Skills. When communicating either in speech or writing as a Executive Committee member, maintain a professional and courteous manner, and take the time to give a judiciously thought-through response.

A Healthy Respect for Your Fiduciary Responsibilities

Your Good Ideas, and the willingness to participate in a free exchange of ideas.

Even when new Executive Committee members are just learning how to read the financial reports, analyze a budget, or negotiate a contract, these attributes will see them through.

It is just as important to mention some things Executive Committee members should leave behind when they enter their role as a Executive Committee member.

Things to leave behind when serving on the Executive Committee:

Personality Conflicts. It would be unreasonable to expect that everyone you work with on the Executive Committee would also be a close friend. Executive Committees often attract people with significantly different points of view. Some Executive Committee member's personalities may clash with yours, but it is important, especially during Executive Committee meetings to put aside personality conflicts and concentrate on the issues at hand, and making the right decisions for all of the owners.

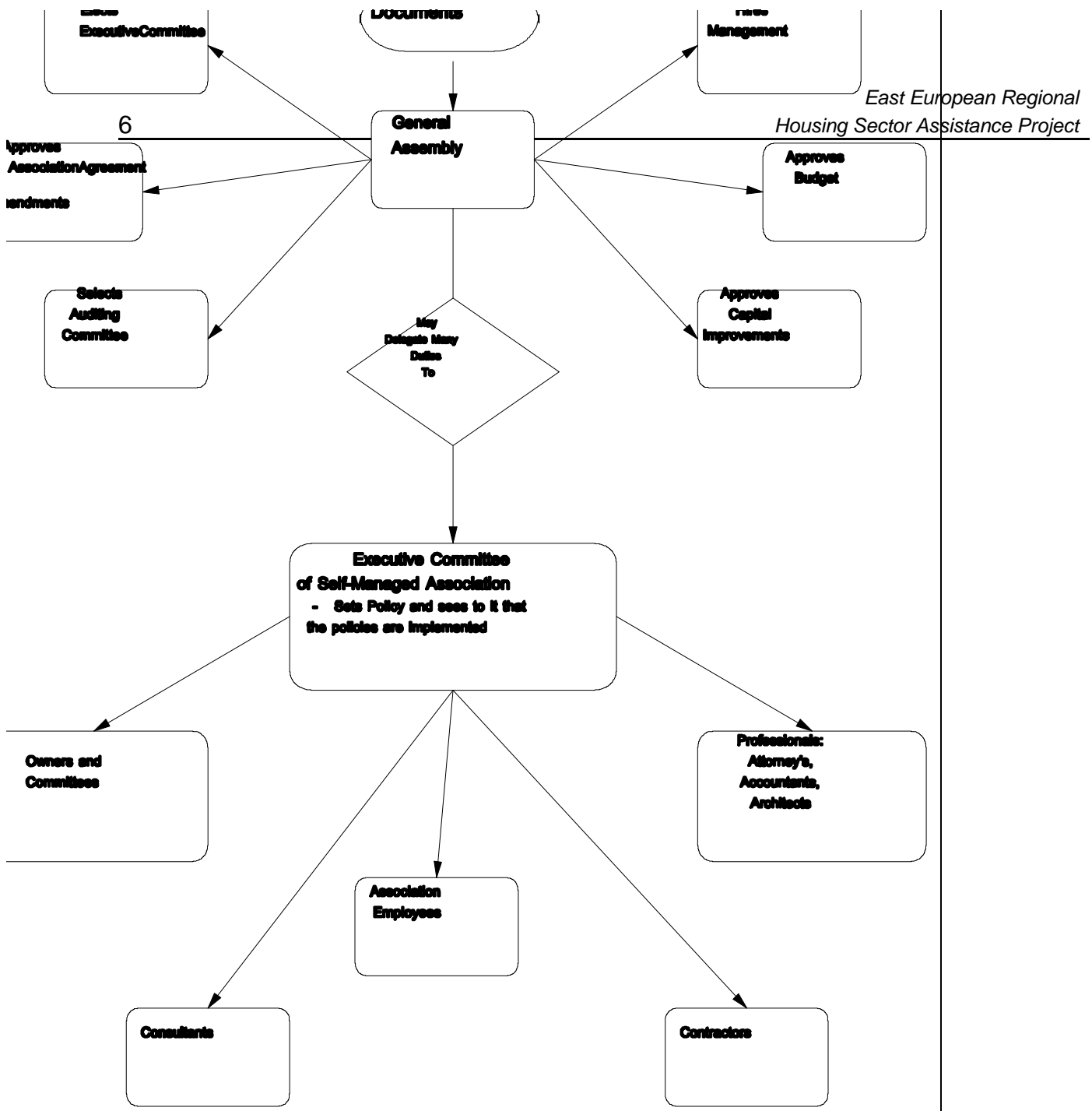
Personal Interests. As non-Executive Committee member owner, you may vote on an issue in the General Meeting because it is in your personal interest. But as a Executive Committee member and a good fiduciary, you may no longer use this consideration as a priority when voting on issues. Instead, you must consider the best decision for the majority of owners, and base it on the needs of the Association as a whole.

Preconceived Notions. Once in a while, a person may run for the Executive Committee because he/she feels uniquely qualified based on extensive experience. For example, an owner who works as the top maintenance engineer for a large office building may have great experience at all aspects of property management, and believe the Owners Association should be managed in the same way. Certainly his vast knowledge of maintenance and repairs will be invaluable to the Association, but he will need to keep an open mind on how decisions are reached, and how contracts are let. As you will see throughout these materials, Owners Associations put great value on the opinions of owners regarding the level of services they want and how much they are willing to spend. Deciding these issues is handled through a representative form of government, namely a vote of the owners elected officials, the Executive Committee. This, and competitive bidding for maintenance services constitute a very different kind of management from that which was previously experienced.

Using Individual Volunteers and Committees to Assist the Executive Committee

Especially when an association chooses to self manage, the Executive Committee quickly find that it could use some help in meeting its responsibilities. Committees and individual owner volunteers can make a tremendous difference in the volume and quality of work a Executive Committee completes.

The best policies and decisions Executive Committees make will be reached after carefully considering the history, facts, and statistics to make an EDUCATED decision. Gathering the history, facts, and statistics on many different issues is often a key service volunteer committees provide to the Executive Committee. Only the Executive Committee may vote on most of the matters facing the Association, and they alone are responsible for the results. But when they have strong committees who help them by providing research, administrative support, and serving as the voice of the owners, the Executive Committee may find its job much easier and its decisions in tune with the Associations needs. Another great benefit of committees is the training ground it provides for future Executive Committee



members. Volunteering for a committee is a great way to begin to learn how the association is governed. Committee members of today often become the Executive Committee Members of tomorrow. More information about committees appears in Annex 3.

A look at the following organizational chart of a self managed association shows all of the persons or entities the Executive Committee must work with. Committees can do some of the legwork the Executive Committee would otherwise have to do.

Rule Enforcement

How the Owners' Association develops and enforces the rules is discussed in detail in Module 6: Developing and Enforcing the Rules. It is mentioned in this module, however, because the Executive Committee generally sets policies for the Owners' Association and oversees the execution of these policies. Whatever form of management is used by an Owners' Association, it is the responsibility of the Executive Committee to see that policies are carried out and that rules are enforced.

Establishing clear policies helps ensure that the building and grounds will be well maintained, that there will be adequate funds to repair or replace parts of the building and equipment as necessary, and that all owners will be aware of and abide by certain rules that make condominium living more pleasant and satisfying for everyone. Poor policies, on the other hand, result in economic instability of the Owners' Association, deterioration of the property, and conflict and dissatisfaction among the owners.

An Owners' Association should consider adopting bylaws or other operating guidelines so that policies are clearly described and available in writing to all owners. When the rules and guidelines are known to all, they will be applied more fairly and predictably, and living in the building will be more satisfying.

The Executive Committee must attempt to develop and adopt reasonable rules which will preserve and enhance residents' quality of life and protect and enhance the value of the property. Committee members must learn how to obtain the greatest possible cooperation from owners in obeying the rules. They must also develop procedures for dealing with those who violate rules, from sending routine correspondence to bringing legal action against noncompliant homeowners.

Facilitating Management and Operation of the Physical Aspects of the Building(s)

The Executive Committee is ultimately responsible for ensuring the physical integrity of the building or buildings operated by the Owners' Association. These responsibilities include facilitating the adoption of a management plan, ensuring adherence to the plan, ensuring that the building and adjacent territories are well-maintained, and contracting with service providers. These topics are discussed in detail in Module 2: Property Management; Module 3: Facilities Maintenance; Module 4: Contracted Services; and Module 7: Developing a Management Plan.

The management and maintenance responsibility is usually limited to the common property; the owners maintain their own dwellings. Proper management and maintenance of the property can often mean the difference between success and failure of an Owners' Association. The goal of a good maintenance policy is to obtain the longest useful life from all building components at the lowest possible cost.

Items such as maintenance of the common areas and contracting with service providers are usually included in the Management Plan, a document which establishes

acceptable standards for maintaining the building, in line with the unit owners expectations. The Management Plan is generally compiled by the Executive Committee or its designee, with input from the General Assembly.

Correspondence

The Owners Association will correspond with individuals, companies, and government agencies on various occasions. It is often the responsibility of the Executive Committee to draft this correspondence, and it is always its responsibility to ensure that copies of this correspondence are maintained to document its decisions and actions. Such documentation is particularly important should the Owners Association become involved in a legal dispute of any kind.

The types of correspondence which are commonly produced by the Executive Committee are as follows:

Letters to homeowners regarding non-payment of fees and other violations of the bylaws or rules of the Owners Association.

Letters to contractors regarding contractual arrangements or disputes.

Requests to the municipality for assistance in a particular area, regarding disputes, or for specific actions such as leasing the surrounding areas to the Owners Association.

Statements to the government regarding the Owners Association's position on relevant proposed legislation.

It is important that the Executive Committee keep a chronological file or notebook of all correspondence sent by or on behalf of the Owners Association. In addition, the correspondence may be filed according to topic or recipient. In any event, the Executive Committee must ensure that the history of all of the Owners Associations actions be maintained in a logical fashion.

Income and Expense Documentation

In addition to correspondence, the Executive Committee must ensure that documentation regarding the Association's income and expenses is maintained in accordance with applicable Romanian laws. Not only is certain documentation legally required, but it is a necessary component of the Association's financial recordkeeping. Details on proper documentation of income and expenses are provided in Module 5: Financial Management.

Overseeing the Owners Association's Financial Affairs

Facilitating adoption of a budget, ensuring adherence to the budget, ensuring that

the unit owners receive timely and accurate financial reports on the operation of the Owners' Association, financial analysis, and the recommendation of fees are among the most important responsibilities of an Executive Committee. The best way to ensure that accurate historical information is maintained and that there is a mechanism for monitoring financial performance, is to establish a complete financial management system. This will be discussed in detail in Module 5: Financial Management.

Overseeing the Owners' Association's financial affairs can be delegated by the Executive Committee to the Audit Committee, but the Executive Committee has ultimate fiduciary responsibility to the Association.

Facilitating the Adoption of the Budget

In some countries, an Owners' Association's budget is prepared by the Property Manager. However, the budget may be prepared by the Executive Committee, the Audit Committee, or other parties designated to perform this task. The Executive Committee, however, is responsible for seeing that a budget is prepared so that it may be voted upon by the General Assembly.

In facilitating the preparation of the budget, the Executive Committee must ensure that information is collected and made available concerning the Association's current and projected expenses. Individual owners should be queried to determine what their priorities are with regard to their priorities. If there are funds available, these priorities should be reflected in the budget.

It is ultimately the responsibility of the Executive Committee to ensure that the budget accurately reflects projected expenses and reasonable estimates of anticipated revenues. Calculation of projected ordinary or operating expenses gives a partial picture of the amount of money that must be collected in income. Total expenditures should equal income. The basic principle to follow in facilitating the adoption of a budget should be: maximum expenses, minimum income. At least two alternative drafts of the budget should be prepared. These must be submitted to the General Assembly with notes describing how they were formulated, for the vote by the owners.

Ensuring Adherence to the Budget

A budget is a guideline for measuring the performance of the Owners' Association. The Executive Committee is responsible for ensuring that the budget is used as such, and that revenue and expenses are monitored. Proper monitoring of the budget is required so that the Association does not run out of money, or conversely, have excess funds with no plan in place for how to use these funds.

Sometimes it is impossible to adhere to a budget. The Executive Committee might be required to authorize an expenditure, such as for an emergency repair, which was not part of the budget. It is the Executive Committee's responsibility, however, to bring budget discrepancies to the attention of the General Assembly, and to recommend ways in which

the budget might be balanced.

Financial Reporting to Owners

It is very important that the General Assembly be kept informed about the financial performance of the Owners Association. Therefore, it is important that the Executive Committee adhere to a pre-defined schedule for issuing financial reports.

The Committee members themselves may or may not be responsible for the actual preparation of these reports. However, they are responsible for ensuring that whoever is supposed to prepare them the Audit Committee, a contractor, an individual unit owner does so on a timely basis.

The type of financial statements required in Romania are stipulated by Decree No. 10/1986, and these must be completed periodically. Additional information which might be useful to the General Assembly includes the following:

- A summary of income and expenses, compared to the budget;
- A summary of the Owners Associations Assets, Liabilities and Equity;
- Detail of uncollected assessments; and
- A list of the Association's unpaid bills.

Financial Analysis

Not only is the Executive Committee responsible for ensuring adherence to the budget and monitoring the Owners Association's financial performance, the Committee or its designee should perform a periodic financial analysis. This might be as simple as the following:

When reviewing the income and expense statement, an Executive Committee member notices that while only two months of the budget year have elapsed, expenditures for maintenance are at 50 percent of the amount budgeted for the entire year. The Executive Committee should ask certain questions:

Were there any emergency maintenance items performed during this period?

If so, were they inordinately expensive?

Were routine maintenance costs higher than expected?

A simple analysis such as this can guide the Executive Committee to make decisions or present proposals to the General Assembly about revising the budget or increasing fees. Through periodic financial analysis, the Executive Committee can assure the unit owners that the Owners Association is being managed effectively and efficiently.

Recommending Fees

Although the Executive Committee is not responsible for setting fees to be paid by the owners, the Committee members should recommend fees to be paid based on periodic financial analysis of the Owners Association's operations.

Calculation of projected ordinary or operating expense gives a partial picture of the amount of money that must be collected in income. In addition, money must be placed into a reserve or renovation fund for larger future expenses.

The total of all anticipated income, other than regular assessments, should be subtracted from the total budgeted expenses. The difference is the amount that must be paid for by the unit assessments. The Executive Committee can use this information to explain an increase in assessments to the owners. If the amount of the budget would render necessary an extraordinary increase in assessments, the Executive Committee should use this information to recommend decreasing the budget, if at all possible. If the Executive Committee is responsible for explaining all of this information to the unit owners, the Owners Association will be in the best position possible to make an informed decision about fees.

How The Executive Committee Conducts Business

Of course, the day-to-day management of the Owners Association is a major part of the business Executive Committee members conduct on behalf of the owners, and those duties will be covered in the following chapters of this course book. This section deals with the more formal process of conducting business, that is the arena of the Executive Committee meetings where the Executive Committee discusses and votes on the policies, procedures, rules, contracts, etc. on behalf of the association.

The Executive Committee will meet on a regularly scheduled basis. Typically, in the early years of a condominium's operations, the Executive Committee will meet monthly. A typical agenda for Executive Committee Meetings will include discussions of recently completed, current and prospective maintenance projects, a review of the monthly financial reports and discussions of any problems or issues brought to the attention of the Executive Committee by owners.

Should All Executive Committee Meetings Be Open for Unit Owners to Attend?

Some Executive Committees have their entire meetings open to all owners while others take the position that only the first part of the meeting is open for owners to attend and bring their concerns to the Executive Committee as a group; the remainder of the meeting is closed. There are benefits and limitations to both approaches. From time to time there may be issues that are confidential concerning individual owners. In order to maintain that confidentiality, the Executive Committee may want to have a closed meeting. There is also a concern that it will be difficult to efficiently discuss an issue if there are too many people involved. At the same time, the Executive Committee will want to make certain that owners do not feel that they are being excluded from the decision-making process. One good compromise is to allow all meetings to be open for owners to *observe*, and reserve the first 15-30 minutes as an Open Forum for any owner concerns or ideas to be expressed to the Executive Committee. Closed meetings would only be held in special cases where confidentiality is important. In any case, owners should be informed of upcoming Executive Committee meetings and the proposed agenda so they can have input or attend as appropriate.

The person presiding over the meeting (usually the president) should use sufficient parliamentary procedures to keep order and ensure that work gets done.

Recording the Minutes of Meetings

It is essential to make a record of what took place at a meeting and what actions were taken. Such a record makes it possible to refer to past decisions and is part of the institutional history of the association.

The Executive Committee secretary is usually responsible for keeping the minutes of meetings. However, this Executive Committee member may find it hard to give full attention to issues which will need his/her vote if he/she must also be taking notes. For this reason, some Executive Committees find a willing owner or two to take turns recording the minutes. When the minutes are completed the secretary signs them. At the next meeting the Executive Committee reviews the previous months minutes, makes any changes which are needed to accurately reflect what took place last month, and votes to approve them. Generally, minutes follow the agenda, and would include the following.

Components of Typical Agenda of a Executive Committee Meeting:

- Type of meeting (Executive Committee or General Meeting)
- Date, time and place of the meeting
- Name and title of person presiding at the meeting
- Record of whether each Executive Committee member was present or absent
- Business conducted
- Reports submitted
- Motions made
- Decisions made or actions taken

Conducting Annual Meetings of the General Assembly

The General Assembly of the Owners Association members will meet at least on an annual basis. At the General Assembly, elections for Executive Committee members will be conducted and there will be a discussion of the budget. It is likely that the Audit Committee will present its report at this meeting. This meeting also provides a forum for the Executive Committee to review the activities and projects of the prior year and present its proposed priorities and activities for the upcoming year. In addition to voting for Executive Committee Members, other items may require a vote. Owners may also present new ideas or concerns that they wish to be considered for action. Although the requirements for annual meetings may vary from one condominium charter to another, here are the requirements you will probably find:

The annual meeting shall be held within 60 days after the end of each fiscal year, on a date set by resolution of the Executive Committee.

The members of the Executive Committee shall be elected at the Annual Meeting.

The budget shall be presented for adoption.

Other business as may properly come before them may be transacted by the owners.

Notice of the meeting (including time, place and agenda) shall be given to owners at least 20 days in advance, by the secretary or other Executive Committee officer.

Order of business at all annual meetings of the General Assembly shall be:

- Role call
- Proof of minutes of preceding meeting
- Reading of minutes of preceding meeting
- Reports
- Election of the Executive Committee
- Adoption of Budget
- Unfinished business
- New business
- Adjournment

Minutes shall be taken of the meeting, generally following the agenda, and should include much of the same information as in the minutes of the Executive Committee meetings, with the addition of any nominations and the results of the voting on nominations.

Conducting the Election

Owners Associations rely on a representative form of government. The representatives are owners, elected from among all the owners to represent the interest of the Association. The details of when elections are held, how many Executive Committee members there are and their term, are found in the Association Agreement. It is very helpful when the terms are staggered. This means that if there are three Executive Committee members, so that each year only some of the positions are open for election. In this way, all Executive Committee members' terms will never be up at the same time, and there is always some continuity of experience on the Executive Committee.

Typically, the election is conducted at the General Assembly. All owners are eligible to vote (however, it is possible that an Owners Association has a policy that only owners in good standing, who are current in their payments, are eligible to vote).

In electing Executive Committee members, it is helpful to have a variety of interests and skills represented on the Executive Committee. Having members among them representing expertise in the fields of finance, physical maintenance and repair, law, and general administration is very helpful. It is also useful to have people of different ages who are likely to bring different perspectives and experiences to the Executive Committee.

The election is a serious endeavor. It is important that it be done in accord with all legal requirements and that all owners be fully informed of an upcoming election, what they should do if they wish to run, and what their responsibilities and obligations are, if elected.

Here are the steps typically taken by the Executive Committee to prepare the community for the elections at the Annual Meeting of the General Assembly.

The Executive Committee should select an Election Committee of two or three persons to handle all aspects of preparing for the election. This distances the Executive Committee members from the process, many of whom may be running for re-election.

Approximately six weeks before the annual meeting date, the Election Committee sends out a letter to all owners entitled a "call for candidates." It explains how many Executive Committee positions are up for election, and tells owners how they may submit their name for nomination to the Executive Committee. Owners are asked to complete a "Statement of Qualifications" which is attached to the letter and to return it to the committee by a certain date. The letter explains that all persons who have submitted the statement of qualifications by the deadline will appear on the ballot. A copy of a call for candidates letter and statement of qualifications form is enclosed at the end of this session.

Approximately three weeks before the annual meeting the notice of the annual meeting is sent, along with the meeting agenda, the statements of qualifications for any candidates, and a proxy ballot to allow owners who can't attend the

meeting to vote. The letter also explains that nominations will also be taken from the floor at the meeting. A system should be designed so that proxies received are private. This is usually done by providing an envelope with the proxy ballot, and the envelope would be pre-marked with the owner's name and unit number. Samples of a meeting notice and proxy ballot are at the end of this module.

The committee should make up a checklist of supplies it will need for the annual meeting. This checklist may include: Ballot box; a copy of the Association Agreement; any applicable legislation which the Executive Committee may need to refer to on questions of order or procedure; extra proxy ballots for people who come but can't stay for the whole meeting; pencils, adding machine with tape, sign in sheet; list of delinquent homeowners; ballots; and a copy of the notice which was sent to all owners.

Owners should plan to arrive at the meeting a little early to sign in and receive a ballot. The committee should see to it that each person is an eligible voter, and check off that unit number on the sign in sheet when the ballot is given out so that a second ballot will not be given out for the same unit again. Before the first owner arrives, all units for which proxies were received should also have been checked off on the sign in list. Then if a unit owner who sent a proxy also comes to the meeting, his proxy should either be returned to him, or he may choose to use it as his vote and not take a ballot.

When the time comes for the election during the meeting, the presiding officer should call for nominations from the floor. Then, all candidates should be given a few minutes of equal time to make a short statement about themselves and their qualifications to be an Executive Committee member.

When owners vote, their ballots should go into a sealed ballot box. To insure accurate counting of the votes, the Executive Committee will often call for a couple of owner volunteers to either witness the counting of the votes or help with the process.

Results of the election may either be announced by the committee at the end of the meeting, or if counting takes too long, the results can be announced by posted notice the next day.

It is a good idea to keep the ballots, proxies, and adding machine tapes of the counting for a month or so, in case anyone contests the results.

ANNEX 1

SAMPLE FORMS

**TENTATIVE AGENDA
EXECUTIVE COMMITTEE MEETING
OWNERS ASSOCIATION**

Tuesday, August 20, 1998, 19:00

- | | |
|-------|--|
| 19:00 | Call to Order
Approve Agenda |
| 19:10 | Open Forum for Residents questions and comments to the Executive Committee |
| 19:30 | Approve minutes of the previous Executive Committee Meeting |
| 19:35 | Audit Committee Report |
| 19:50 | Management Issues <ul style="list-style-type: none">• Review proposals and select new lift maintenance contractor• Approve replacement of concrete front steps• Personnel issues |
| 20:25 | Unfinished Business Establish committee to publish a community newsletter |
| 20:45 | New Business (whatever owners or Executive Committee members may want to discuss) |
| 21:00 | Adjournment |

**AGENDA
ANNUAL MEETING OF
THE GENERAL ASSEMBLY OF _____ OWNERS ASSOCIATION
January 13, 1998, 19:00**

- | | |
|-------|---|
| 19:00 | Call to Order |
| 19:05 | Roll Call |
| 19:15 | Proof of Minutes of Preceding Meeting |
| 19:20 | Reading of Minutes of Preceding Meeting |
| 19:30 | Audit Committee Report |
| 19:45 | Executive Committee Report |
| 20:00 | Newsletter Committee Report |
| 20:10 | Election of Executive Committee |
| 20:40 | Adoption of Budget |
| 21:00 | Unfinished Business |
| 21:20 | New Business |
| 21:45 | Adjournment |

**SAMPLE MINUTES OF
EXECUTIVE COMMITTEE MEETING
OF THE _____ OWNERS ASSOCIATION**

Monday, May 25, 1998, 19:00

I. Call to Order

The meeting of the Executive Committee of the _____ Owners Association was called to order by the President, Mihai Ionescu, at 19:05.

Present were Executive Committee members Mihai Ionescu, Elena Farkas, Iosif Constantinescu, Mihnea Cojocaru, and Dana Vila. Members Adina Iliescu and Ștefan Popescu were not present. Elisabeta Nicolescu of the Audit Committee was present for part of the meeting.

II. Business Conducted

A. Roof Bids

Mr. Constantinescu discussed the three bids the Owners Association had received for making repairs to the roof. Each of the bids followed the scope of work that Mr. Constantinescu had prepared.

The bids were as follows:

1. ABC Roofing Company submitted a bid for 3,750,000 lei. This does not include the price of materials.
2. Gulacsi Roofing submitted a bid for 4,000,000 lei, materials included.
3. Ceaucescu Roofing submitted a bid for 4,500,000 lei, materials included.

Mr. Constantinescu moved that the Executive Committee decide to contract with Gulacsi Roofing to provide the necessary repairs. Mr. Ionescu asked for discussion of the motion.

Mr. Cojocaru said that ABC Roofing should be chosen because it submitted the lowest bid. Ms. Vila argued that Gulacsi Roofing be chosen, because its price included the cost of materials, and that materials could easily cost more than 250,000 lei. In addition, ABC Roofing had performed roof repairs on the building in which her brother lives. The company did not finish the work on a timely basis, and did not do an adequate job.

Mr. Ionescu called for a vote on the motion. The motion was passed, with four

members in favor, one opposed.

B. Nonpayment of fees by the family in unit B-12

Ms. Farkas explained that the family in unit B-12 had not paid its Association fees in six months. The Executive Committee sent three letters to the family, asking them to pay their fees. At the last Executive Committee meeting, the members had discussed whether or not to bring legal action against the family.

Ms. Vila explained that the head-of-household's mother had been extremely ill, and the family had been obliged to pay for medicines which were very expensive. However, grandma had recovered, and the family was willing to begin to pay their monthly dues.

Ms. Vila moved that legal action be avoided, and that the Executive Committee negotiate a payment plan with the family to address the unpaid arrears.

Mr. Ionescu asked for discussion. Mr. Constantinescu said that the family should be given twelve months to pay off their overdue balance. If they do not agree to the payment plan, or if they do not adhere to an agreed upon payment plan, the Owners Association can then decide to take legal action against them. Ms. Vila asked that the motion be amended to include these conditions.

Mr. Ionescu called for a vote on the amended motion. The motion passed with three members in favor, one opposed, and one abstention.

III. Committee Reports

A. Audit Committee

Ms. Nicolescu of the Audit Committee reported that so far this year, the Owners Association's maintenance expenses were running higher than expected. She said that this was because the Association had voted to insulate the attic, which had not been included in the original budget.

Mr. Constantinescu said that the expenditure would be offset by lower utility bills in the winter, and that there was no reason to amend the budget.

Ms. Nicolescu also reported that in addition to the family in B-12, the family in C-10 was two months behind in paying its Association fees. Mr. Ionescu asked Ms. Farkas to write a letter in which the head-of-household is requested to appear before the Executive Committee to discuss the matter.

B. Newsletter Committee

Ms. Vila, who also chairs the Newsletter Committee, reported that Mr. Stan of the

municipality had agreed to let her use his company's computer to prepare the newsletter. He also said that he would photocopy the newsletter on his photocopier, and only charge 2,000 lei per page.

Ms. Vila moved that the Association pay for the production of a bi-monthly newsletter.

Mr. Ionescu called for discussion of the motion. Ms. Nicolescu said that the amount listed in the budget for preparation of the newsletter was enough to cover the cost of a bi-monthly newsletter, particularly since Mr. Stan was willing to let the Association use his company's computer.

Mr. Ionescu called for a vote. The motion was passed unanimously.

IV. New Business

Mr. Ionescu asked if the Executive Committee was ready to discuss the establishment of a volunteer committee to address the condition of the courtyard. Mr. Cojocaru said that this issue should be discussed at the June meeting, after the Executive Committee members had time to informally discuss the issue with the other unit owners.

Mr. Ionescu asked if any of the Committee members had any additional new business to discuss. No one raised any issues.

V. Mr. Ionescu adjourned the meeting at 20:30.

CANDIDATE STATEMENT OF QUALIFICATIONS

NAME_____

UNIT # AND ADDRESS_____

BACKGROUND/QUALIFICATIONS

EXPERIENCE/BACKGROUND:

CANDIDATE'S STATEMENT:

MAIL OR DELIVER TO: (NAME AND ADDRESS OF ELECTION COMMITTEE
CHAIRPERSON)

NOTICE OF ANNUAL MEETING

Dear Owner:

The annual meeting of the General Assembly of the _____ Owners Association will convene at 7:30 p.m. on (date) for the purpose of electing three (3) Executive Committee members and to consider any other business properly coming before the General Assembly. The meeting and election will be held at (location).

Enclosed is your voter package for the election:

1. Agenda for the meeting
2. Candidate information submitted by the candidates
3. Proxy form with instructions
4. A pre-addressed, return envelope for your proxy.

Nominations will also be accepted from the floor.

We encourage your attendance and participation at this meeting. If you are unable to attend, you can still be present and vote if you wish, by proxy. A stamped pre-addressed envelope is enclosed for the return of the proxy if you cannot attend the meeting.

Your attendance at this meeting is very important. If you cannot attend, please be sure to enclose the proxy form that is included. A quorum of (percent) of the total votes of the owners must be present either in person or by proxy before any business can be conducted at this meeting. Whether or not you wish to vote, please return the proxy if you can't attend the meeting.

Sincerely,

Executive Committee President

Enclosures

OFFICIAL EXECUTIVE COMMITTEE BALLOT

FOR 1998

Owners Name: _____

Unit Number: _____

Please cast your vote for 3 people. Ballots with votes for more than 3 people are null and void.

_____Mihai_____

_____Dana_____

_____Elena_____

_____Iosif_____

_____Mihnea_____

_____(write in)_____

_____(write in)_____

Signed: (owner or proxy*) _____

*proxy; please attach completed authorization form

*****Proxy*****

I/We, _____, unit owner of Unit _____
_____ of the _____ Owners Association hereby
grant to _____ (name of Proxy Voter) _____
_____ (address of Proxy Voter)

a complete and absolute proxy to vote the entire ownership interest of my unit at the annual meeting of the General Assembly of _____ Owners Association to be held on 4 July 1998 for the purpose of electing three members of the Executive Committee and any other issue that will require a vote at the meeting.

The undersigned understands that this proxy is revocable at any time by written notice to the General Assembly prior to any vote at said meeting.

Signature _____
(Unit owner)

Date _____

Signature _____
(Proxy)

Date _____

***** Proxy Voter: BRING THIS SIGNED PROXY TO THE MEETING.**

ANNEX 2

PART 1

HOUSING LAW NO. 114/1996

METHODOLOGICAL NORMS FOR THE IMPLEMENTATION OF THE HOUSING LAW

IV. THE ADMINISTRATION OF RESIDENTIAL BUILDINGS

PART 2

ORDER OF MINISTRY OF PUBLIC WORKS 139/N

CONCERNING DETAILS ON FOUNDING, REGISTERING AND OPERATING OWNERS ASSOCIATIONS

(The law is very precise on the matter of how residential buildings and condominium buildings in particular are to be administered. The relevant Section IV of the Methodological Norms and the Order of Ministry of Public Works 139/N are reproduced here for reference purposes.)

Annex 2 to be inserted by others

ANNEX 3
COMMITTEES

EFFECTIVE USE OF COMMITTEES IN CONDOMINIUM OWNERS ASSOCIATIONS

When you stop to consider:

The size of the job and the responsibility that a condominium association elects its Executive Committee to carry out, and

That Executive Committees often consist of only three to five persons who also hold down full-time jobs along with their volunteer service on the Committee,

you wonder how they can possibly do it!

The Executive Committee is responsible for seeing that a large piece of real estate is maintained properly and reaches its potential to increase in value, but it is also responsible for providing a clean, safe and peaceful living environment for the hundreds of people who live there, as well as serving as good fiduciaries in protecting the association's financial assets.

The best policies and decisions Executive Committees make will be reached after carefully considering the history, facts, and statistics to make an EDUCATED decision.

Gathering the history, facts, and statistics on many different issues is often a key service volunteer committees provide the Executive Committee. Only the Executive Committee may vote on most of the matters facing the association, and it alone is responsible for the results. But when it has strong committees who help it by providing research, administrative support, and serving as the voice of the owners, the Executive Committee may find its job much easier and its decisions in tune with the association's needs.

Another great benefit of committees is the training ground it provides for future Executive Committee members. Volunteering for a committee is a great way to begin to learn how the association is governed. Committee members of today often become the Executive Committee members of tomorrow.

**THINGS TO KEEP IN MIND IF YOUR EXECUTIVE
COMMITTEE PLANS TO ESTABLISH COMMITTEES**

Committees serve solely at the pleasure of the Executive Committee, and do not have authority to vote on matters. Committees may be established and abolished only by vote of the Executive Committee.

When an Executive Committee decides to establish a committee, the committee should be given a mission statement, to explain clearly to all members what is expected and what is not expected. If there are deadlines for completing their mission or specific tasks, spell them out.

Committees do not have to be a large group of people. Often they consist of 1-7 persons, depending upon the tasks they have been given by the Executive Committee.

Committees may be established to function for a full year, or only for the term of one special project the Executive Committee is working on.

Committees should be recognized, thanked for the work they do for the Executive Committee. Make sure to show your appreciation.

Many associations start early recruiting members for various committees. Executive Committees find there are at least two other benefits to having committees: an increased feeling of community when people are helping people; and less suspicion of Executive Committee actions when it is known that several other owners are giving input.

A sample notice is attached which invites all owners to a Committee Seminar . You will notice that the Executive Committee planned this committee seminar to be a fun social event, where owners can have dessert and meet their neighbors. It is a great way to get started.

Another attachment is entitled Seven Steps to Keeping Your Committees Active, Productive, and on the Right Track . It provides some good tips for getting the most out of committees and allowing committee members to get the most out of the experience.

Finally, we have attached a description of several committees which historically have been most useful to condominium owners associations.

CONDOMINIUM

COMMITTEE SEMINAR

Thursday, August 27, 1997

8:30 P.M.

In the Lobby

Find out how you can have a positive impact on your community, provide valuable input, and get to know your neighbors all at the same time!

Make plans to attend the Committee Seminar. The Executive Committee has scheduled this important event in order to provide information to the residents regarding the operations of the association and to establish five important committees to assist the Executive Committee in carrying out its duties.

Many of you attended the Annual Meeting in May and expressed your interest in participating in one or more of the following committees: *Communications Committee*; *Rules Committee*; *Facilities Committee*; *Finance and Budget Committee*; and the *Security Committee*.

Our management company will conduct the seminar, which will include an overview of the operations of condominiums and information about the role of each committee. We welcome your participation and questions. The committees will be formed at this seminar, and we know you will not want to miss this opportunity to join the committee of your choice.

Have Dessert and Meet Your Neighbors!

SEE YOU THERE!

**SEVEN STEPS TO KEEPING YOUR COMMITTEES ACTIVE,
PRODUCTIVE AND ON THE RIGHT TRACK**

1. Set an agenda and meeting format which will allow for an informal and comfortable environment, but will also allow the chairperson sufficient control of the meeting to keep it productive and within a reasonable length.
2. Keep good minutes and written reports to the Executive Committee.
3. Be a good listener. Encourage and welcome new and different ideas. Respect other committee members' differences of opinion.
4. Keep committee volunteers busy! Do not have one or two persons do all of the work. Give everyone an assignment whenever possible, no matter how small. People want to contribute, but they will lose interest if they do not feel they have anything to offer.
5. Be aware of, and respect the limits of the committee's authority. When in doubt, check with the Executive Committee or the Property Manager.
6. Be flexible. Committee members and the Executive Committee are volunteers with busy lives. Sometimes deadlines must be extended, and your flexibility and patience will be of great benefit.
7. Do not forget to give recognition to committee members for their accomplishments and service to the community.

COMMITTEES THAT NEED YOUR HELP

Activities Committee. Advises and assists the Executive Committee in planning and conducting a diverse social and recreational program serving the various age groups and interests in the community. Will promote such things as seasonal parties, activities using the recreational facilities, trips, etc.

Finance Committee. Advises and assists the Executive Committee in administering the Association's financial assets in order to meet both the requirements of the Association's documents and the needs and desires of the owners. This committee shall perform the following functions: preparation of draft budgets for the Executive Committee's review and approval; assistance in developing a risk management program; and assistance in developing a proposed investment program.

Ad Hoc Elections Committee. Responsible for arranging for and conducting the election of owners to the Executive Committee in accordance with the Association's documents, including soliciting candidates, briefing candidates on their responsibilities, preparing voting materials, soliciting proxies, conducting the election, and tabulating results. This committee will be dissolved once the election results are certified.

Covenants Advisory Committee. Advises and assists the Executive Committee in covenants administration. Duties include: educating unit owners regarding the importance of respecting rules through positive and upbeat articles for the association newsletter; reviewing and indexing all decisions to date on applications for design review and making preliminary recommendations; and working closely with other committees as they develop policy recommendations to the Executive Committee that may affect members' rights and/or obligations to assure that the proposal is suited to the need and that such proposals are consistent with the governing documents.

Communications Committee. Advises and assists the Executive Committee in performing the many communications functions that are a part of a healthy community. Responsibilities include: preparation of an association newsletter, preparing a community directory, and assisting other committees in informing residents about those committee's activities.

MODULE 2

MANAGING THE PROPERTY: THE ELEMENTS AND THE OPTIONS

What does the term "to manage" mean to an owners' association? It is often confused with the term "maintenance" but the two are very different activities.

The definition of the word "manage" is to direct, control, or handle. Whether your owners' association is being self-managed by the Executive Committee, managed by a property management firm, or a hired on-site manager employed by the association, the job will be to direct and control many different association efforts, following the policies set by the Executive Committee, to get the best possible results. It is a job of coordination and leadership. The easiest way to understand what the "association efforts" are, is to look at the titles of the modules which follow in this manual. These are the components of owners' association property management. This does not mean that the person(s) doing the managing must perform all of the physical labor required, although sometimes special skills in one area or another come in handy. Rather, their job is to have a general understanding of what is needed in each effort, and to generally oversee the people and contractors involved with the work.

The Components of Property Management:

- Facilities Management
- Contracted Services
- Financial Management
- Developing and Enforcing the Rules
- Developing a Management Plan
- Relations With Public Institutions
- Communications and Interpersonal Management Skills

When we use the term "maintenance" it will always refer to *actual physical work* needed to repair or maintain some physical aspect of the property. A plumbing repair, lubricating a motor, and housekeeping work are examples of maintenance.

This module and the modules that follow in this manual together will provide the tools and techniques for managing everything from maintenance and repair of building equipment to housekeeping, financial affairs, and day-to-day administrative functions.

The purpose of this module is to (1) provide a clear understanding of the *elements* associated with property management which make it *distinctly different* from the kind of management people have been accustomed to; and (2) to demonstrate to Executive Committees how their faithful adherence to the property management philosophy presented here will speed up the evolution of their building's residential units into a better place to live.

today; and a valuable asset tomorrow.

Model Objectives:

Learn the unique elements of association property management.

Learn to recognize the earmarks of a higher standard of care which is a trademark of association property management.

Explore the options for obtaining the best possible property management program for your association.

Take a moment and reflect back to the state of residential property management in your building before private ownership of flats, the emergence in Romania of owners associations, and the movement toward a market economy.

From your personal perspective as a resident, think about some of the elements that would characterize the property management system and service you were familiar with. To help, consider the following questions:

Who determined what would be included in the housekeeping service and how often it would be done?

What was the process, if any, for making changes in management or maintenance if service was poor?

To what extent were residents kept informed and given a voice in management matters?

What system was used to monitor the quality of work performed?

Were the management decision makers accountable to anyone?

Could you tell what the main goals of management were?

How would you grade or score the management of your building overall?

Because the responsibility related to the private ownership of apartments is still a fairly new concept in Romania, owners of flats are just now beginning to get a sense of the long-range positive impact that owners association property management can have on their lives. The issues and problems facing the new Executive Committee can make measurable positive impact seem to be attainable only in the distant future. But owners associations learn to tackle their challenges by "chipping away" at problems one at a time. And they find that there is a good supply of ideas and creative solutions within their membership with which to gain momentum, fueled by three powerful ingredients:

Having a Voice in Decisions
Taking Responsibility
Exercising Freedom of Choice

These three "ingredients" are found to be dominating factors associated with most of the key elements generally associated with condominium management. Now consider the characteristics which are most often associated with the operations of a condominium owners association:

Unique Elements of Condominium Association Management:

Is progressive and forward thinking, does not limit itself to doing things the way they have always been done in the past.

Strives not only for clean and well maintained common areas, but also to develop community spirit and address quality of life issues.

Implements management procedures developed by owners through a representative form of self government.

Is directed by elected association leadership who serve *constituents*; real estate owners who have entrusted them with the care of their jointly owned property.

Puts an appropriate burden of responsibility on owners to contribute their fair share toward maintaining and operating the property through budget development, assessment collection and rules development and enforcement.

Includes systems for monitoring service and quality of all management functions.

Includes the mechanism for owners to vote to change management if not satisfied.

Places a high value on the individual owner's right to be informed and be treated fairly, using good communications and due process.

Sets goals for quality maintenance which includes prompt, courteous service to residents.

Standards for care and upkeep are based on the desires of unit owners.

Keeps an open mind to all options; uses competitive bidding, always with the goals of obtaining the best possible service at an affordable price.

The Obligation of a Higher Standard of Care

Another distinguishing element of association management is a generally higher standard of care. This higher standard stems from the discipline that Executive Committees adopt in their role as a fiduciary. They are mandated as fiduciaries to use a different level of standards when making decisions on behalf of the association. The following scenario demonstrates this.

Have you ever had renovations or repairs completed in your flat by a relative or friend? Perhaps the work is done for pay, or perhaps for free in the name of friendship or family. But whether or not payment was involved, you probably made a casual verbal agreement and did not investigate other contractors, which is typical in this situation. If all went well, you probably saved some money. Of course, some risk is involved in making casual agreements and in hiring family or friends. For example, if you are not satisfied with the work, you may end up spending extra money to redo the job, or you may have to live with the unsatisfactory results. It can be difficult to criticize the work of friends or family (or worse, your spouse's family!) But these are risks you have the right to take because it only affects your home; no one else's property, money or quality of life is involved.

All that changes when you become an Executive Committee member and a fiduciary. Different and higher standards must be used when your decision will affect *someone else's property*.

Whereas things were handled more casually when having renovations done to your apartment, we learn that the Executive Committee's job is not a casual role. It has legal stature by virtue of being elected representatives. Executive Committee members who remain faithful to their duties as fiduciaries always use the *higher standards* for decision making. These include using the test of good business judgment, avoiding conflicts of interest, doing research and considering options before making decisions, and avoiding risks. If, for example, it had been an Executive Committee making renovations to a condominium's common areas, they would draw up written specifications, look at two or three different contractors whenever possible, and enter into a written contract to have the work done. They would not hire a relative or friend unless it was disclosed to the owners ahead of time, and the relative/friend's bid compared favorably in all respects to make it the best choice.

Results-Driven Management

The higher standards mandated by the fiduciary role have to do with the process Executive Committees use to reach decisions. The Executive Committee also adheres to higher standards when developing the goals for its efforts in each area of managing the association.

They begin with the end in mind. For example, if they are addressing housekeeping in the building, the first thing they do is to decide exactly what level of cleanliness is acceptable to the owners. That goal, that level of cleanliness, is the end they have in mind the results they want. They do not take their eyes off of this goal, and whether they decide to hire a management firm, use volunteers in the building, or hire an individual to do the cleaning, the decision will be driven by who is most likely to achieve the desired results at a price the association can afford.

Exercising Your Right to Choose

In the future, as the market economy develops and matures in Romania, private real estate property management companies will emerge in large numbers. They will offer a wide array of services including hiring and supervising on-site maintenance staff, collecting fees, managing the association's funds, preparing financial reports, paying bills, writing specifications and supervising contracted work. Although the services they perform may sound similar to those of the former state firms, the big difference is that the management company will work under a contractual agreement and will take all of its direction from the policies set by the association leadership. It must produce results to keep its contract, and as marketplace competition with other management companies develops and increases, there will be additional incentive to provide good service. In the future, many owners associations will consider using this type of full service management company. But this is just one option.

Today's Romanian Executive Committees are wise to exercise their right to choose and keep their options open when it comes to management and maintenance services. Some newly formed owners associations may start by entering into a contractual relationship with a firm or individual previously associated with a state-owned housing maintenance company. In such a case the management contract should require the service provider to produce the results the association seeks, including better housekeeping, more responsive service to owners requests, and a higher standard of maintenance. Then, if the contractor does not perform adequately, the association may seek those who can provide better service, and in the absence of other management *companies*, it may find and hire *individuals* who will work as on-site property managers, and can provide these services with attentive and personalized management. This on-site property manager is an employee of the association, and works at the property, supported by other employees, contractors, and association volunteers. Sometimes, two separate associations will "share" a good manager by entering into an arrangement wherein he splits his time between the two properties.

There are other options. Self management is a viable management option many Romanian owners associations are choosing. In the most common form of self management the Executive Committee acts as the on-site property manager, using a combination of people and services to get the different management jobs done. They look at each job that needs to be done, and determine whether there are dependable volunteers within the membership (committee members or otherwise) to help, or whether the job requires a licensed or more skilled person. In the latter case they consider persons in the trade or companies, i.e., outside contractors. They may also hire employees, part time or full time, to do some of the work. A handy checklist of most association property management functions, and the options for getting each job done, is attached at the end of this module.

The overriding message of this module is not which type of management is best for your association, but to exercise your right to choose, and to keep an open mind to the options, always keeping the end, the results you want, as your motivating factor. Again, regardless of which type of management you choose, the Property Manager Job Description and the checklist which follows define the scope of the work to be accomplished.

Property Manager's Job Description

A. Duties and Responsibilities

The Property Manager is responsible for the on-site general administration and physical operations of the property. The Property Manager will provide direction to the on-site staff, and assure that the management program is properly executed. The Property Manager will be responsible for the effective operation and cleanliness of the buildings; for ensuring performance of established preventive maintenance programs of the buildings and equipment; for the hiring, training, and supervision of qualified, competent personnel; and for the establishment of excellent relations with residents.

The Property Manager reports to and answers to the Executive Committee. The Property Manager is authorized to operate within the limitations of the approved budget.

B. Staff Supervision

1. Responsible for all job assignments, explanation of employee duties and performance; informing and educating operating staff on policies and procedures.
2. Periodically review employee performance, conduct periodic employee critiques, and schedule training programs as needed.

C. Facilities Inspection

1. Conduct weekly inspections and submit a written report of the buildings and grounds, noting any property deficiencies, physical appearance of the property, and

deferred maintenance.

2. Inform the Executive Committee of observed deferred maintenance and property deficiencies in writing, noting specific locations, conditions, and recommendations for corrective measures.
3. Inspect mechanical areas of buildings with particular emphasis on the proper performance of maintenance, to ensure the success of the preventive maintenance program.
4. Conduct daily inspections of the common areas of the buildings and the grounds, and know work in progress areas.

D. Vendor Contractor

1. Be responsible for the responsiveness of vendors and contractors providing services to the property and report any problems to the Executive Committee.
2. Purchase the necessary supplies and replacement items required for property operations and buildings maintenance.
3. Supervise appropriate receipt and purchasing records.
4. Approve all purchases under _____ (Romanian Lei).

E. Public Relations

1. Issue move-in or welcome packages to all new residents (e.g., rules and regulations, bus routes, school locations, current data sheet of the Executive Committee, etc.).
2. Be responsible for the proper flow of suggestions, grievances and inquiries to the Executive Committee.
3. Utilize all possible communication outlets to keep residents informed as to developments within the property. This might include such things as: (1) utilizing a bulletin board; (2) writing letters to individual residents and/or owners, whether individually or collectively; (3) contacting all new residents within seven days of move-in; and (4) assisting the communications committee in preparation of monthly newsletter.

F. Administration Record Keeping and Correspondence

1. Prepare and submit accurate and complete essential reports, various data-input forms, and other required correspondence.
2. Monitor all maintenance records to ensure proper documentation of all maintenance

and preventive maintenance work accomplished. Ensure the proper scheduling of all required preventive maintenance.

3. Key control is the responsibility of the Property Manager. The Manager must maintain a key control system which would provide for the proper security and accessibility of keys for access to flats in case of emergency.
4. Prepare a monthly management report for the Executive committee which should include, but not be limited to, the following categories:
 - a. Financial
 - b. Administration
 - c. Contracts
 - d. Maintenance
 - e. Personnel
 - f. Legal
5. Prepare and verify time records of all employees for payroll.
6. Organize all office operations.

G. Service to Individual Residents

All service to residents must, without exception, be based on the following priorities:

1. Emergency requests always come first. All other requests are based on a first-in, first-out system.
2. Each request should be handled individually based upon the substance of the complaint or request.
3. At no time, should any Manager allow himself or herself to react to the personality of the person instead of the merits of the complaint or the request.

**CHECKLIST FOR
CONSIDERING THE
PROPERTY MANAGEMENT OPTIONS
IN AN OWNERS ASSOCIATION**

Activity	RESPONSIBILITY							
FINANCIAL								
Assessment Collection								
Delinquency Follow-up								
Lien Filings								
Foreclosure Proceedings								
Invoice Approval								
Invoice Payment								
Payroll Accounting for On-Site Personnel								
Financial Report Preparation								
Tax Return Preparation								
Year-end Financial Report								
Year-end Audit								
Budget Preparation								
Reserve Analysis (Long-range planning)								
Other _____								
ADMINISTRATIVE/CLERICAL								
Executive Committee Meeting Attendance								
Special Meeting Attendance								
Annual Meeting Attendance								
Minute Transcription, Executive Committee and Annual Meetings								
Annual Meeting and Election Coordination								
Resident Roster Maintenance								
Records and Files Maintenance								
New Resident Orientation								
Newsletter: a) Editing								
b) Typing								
c) Distribution								
Special Mailings								

Activity	RESPONSIBILITY							
Special Photocopying								
Specification/Bid Preparation and Coordination								
Contract Awarding								
Yearly Management Plan								
Monthly Assoc. Status Report								
Standard Operating Procedures Reviews								
Periodic Inventory of Assn. Property								
Legal (Attorney) Liaison								
Municipality Liaison								
After-hour Answering and Emergency Asst. Service								
Work Orders: Recording and Processing								
Rules and Regulations Enforcement								
General Correspondence								
Hiring/Firing/Supervision of On-site Personnel								
Other: _____								
BUILDING MAINTENANCE								
Janitorial								
Plumbing, painting								
Minor repairs/maintenance								
Inspection of outside contractor performance								
Periodic building/amenity inspection and report								
Other: _____								
GROUPS MAINTENANCE								
Landscape Maintenance								
Street and Walk Sweep.								
Trash Collection								
Snow Removal								
Inspection of outside Contract performance								
Periodic Grounds Inspection and Report								
Other: _____								
MISCELLANEOUS								
Security Issues								
Information concerning Laws and Ordinances								
Other: _____								

MODULE 3

FACILITIES MAINTENANCE

This module is about exercising the right of every condominium owners' association to decide the standards owners want for the service, maintenance, and upkeep of their building. A new owners' association may choose to enter into a contractual relationship with a firm or individual previously associated with a state-owned housing maintenance company. Some associations will choose other options for maintenance services. Another module in this manual will deal with WHO is the best choice to perform the work. Regardless of the choice, the services provided must meet new, often higher standards. This section will help you develop the standards and procedures for maintenance suited to your association's particular needs.

MODULE OBJECTIVES

Review and discuss the obligations and benefits of a good maintenance program.

Define the different types of maintenance to be expected in an association situation.

Learn how to clarify responsibilities for maintenance of units, general common elements and limited common elements.

Learn the basic steps to take in designing a comprehensive maintenance program; finding satisfactory levels of service.

Connect all the above together and create the basis for a maintenance program.

OVERVIEW

Although you will learn from this reference manual that there are many components to association property management, the first thing that comes to mind when people think of property management is usually the maintenance, repair, and preservation of the association's largest asset the building and grounds. The professional property manager understands that simply reacting to maintenance problems as they arise is not good enough. He sets higher, long-term objectives to: extend the life of equipment through preventive maintenance; minimize costly emergency repairs and interruption of services through proper maintenance; and provide a safe, clean living environment for the owners. In this module you will learn the incentives and tools to develop your association's maintenance program.

THE ASSOCIATION'S OBLIGATION TO ENSURE EFFECTIVE MAINTENANCE

The Executive Committee is elected to serve the best interests of association members, and in large part this means providing proper care of the common areas. The Committee recognizes its obligation to properly maintain the common areas from four perspectives.

Commitment to Quality Maintenance

The Executive Committee recognizes its obligation to properly maintain the common areas from four perspectives:

The Governing Documents. The Association Agreement gives the Committee a clear mandate to maintain, preserve, and enhance the property which is commonly owned by all of the owners.

Business Judgement Requirements. Looking at a one year period, you may likely see that the largest portion of the association's budget is devoted to maintenance and maintenance-related activities and services. With this significant portion of owners' condominium assessments going towards maintenance, the Executive Committee has a significant legal and business responsibility to devote attention and care to the development of an effective program of maintenance to ensure that the money is spent wisely, always placing high priority on preventive maintenance to minimize unnecessary and expensive repairs caused by earlier neglect. Simply put: operate the facilities in the most economic way, achieving the lowest life-cycle costs for building components.

Meeting the Owners' Quality of Life Expectations. In preparing an association's property maintenance plan, the homeowners' sense of comfort and safety should be one goal. Generally the association should strive to provide an attractive, clean living environment, free of hazards, minimize emergencies and disruptions of building operations, and meet resident expectations for routine services and repairs.

The Commitment not only to Maintain but to Enhance. The maintenance program should include a plan for making timely capital investments and improvements.

THE BENEFITS

There are many incentives for the Executive Committee and the owners to start a maintenance program. When a good maintenance program is working, the benefits abound for everyone involved. Everyone is a winner!

From the Executive Committee's Perspective

It is organized; in control of the situation, it can be responsive to residents questions by referring to the plan.

It finds that the cost and effort put into a preventive maintenance plan begins to pay off in the budget when the number of expensive emergency repairs and replacements is reduced.

It receives more cooperation and participation from residents who appreciate how the Committee's maintenance program improved their living environment through responsive attention to their maintenance requests.

The maintenance program gives the Committee confidence and a sense of pride. They do not have to wonder what level of service will please the owners, or what priorities should be. The plan spells out the level of service, financial guidelines and the calendar of maintenance events required.

The Committee is responsible for looking after one of the most basic and personal of human needs: families' homes and shelter. They must keep all systems operational. A good maintenance program gives the Committee peace of mind that they are doing the best possible job to meet the owners' needs.

From the Owners' Perspective

Most residents will know little about the workings of the maintenance program, they see and feel the results directly and they will give credit to the Committee when they:

Bring friends home and are proud of their condominium association's well lit, clean lobby and hallways.

Report common area damage and the repair is made in a timely fashion.

See the new benches installed in front of the building, affordable because money earmarked for replacing some water pumps was not needed after all. They have been maintained so well, they are lasting much longer than expected!

TYPES OF MAINTENANCE

There are four basic types of maintenance activities that typically need to be established in a condominium owners association.

Regular Routine Custodial Maintenance Activities. The basic housekeeping chores which are carried out on a scheduled daily, weekly or periodic basis to maintain cleanliness and an attractive appearance and to prevent subsequent major problems. They would include: mowing the grass; trimming shrubs and trees; vacuuming and sweeping halls; cleaning common areas, driveways, sidewalks, etc.; snow removal; cleaning light fixtures and changing the light bulbs; washing common area windows.

Scheduled and Preventive Maintenance. A program of inspections, routine upkeep and repairs to provide regular care and to detect problems early to avoid serious problems, breakdowns or service interruptions. Components include:

An analysis of current baseline condition of the property through a comprehensive inspection and assessment of all equipment, buildings, common areas and services provided to residents. (Through this initial procedure the association learns what problems it faces and can then set priorities and calculate what resources are needed to solve them).

Frequent, regularly scheduled inspections of building common areas, grounds and the building structure, and all related building systems and facilities to identify and correct problems and faults that may exist.

A system of follow-through to assure prompt correction of deficiencies found during the inspections.

The scheduling and completion of manufacturer recommended routine maintenance of equipment and systems.

Cleaning and lubrication of all equipment and systems on a schedule designed to extend the useful life of the equipment.

Scheduled application of appropriate chemicals for the prevention of disease, weeds or other problems in the grounds and on plants.

Monitoring procedures to assess the progress and effectiveness of the preventive maintenance program.

Emergency and Responsive Maintenance. Completion of work in response to service requests generated by residents or staff for unanticipated maintenance or repairs. This refers to maintenance or repair activities that arise on an unscheduled basis such as a plumbing problem, sudden roof leak, etc. Whereas, the other types of maintenance are scheduled, known and can be planned for, responsive maintenance occurs on an unscheduled basis. Incoming requests should be categorized and staff should respond to

the service requests based on their priority by category.

Categories would include:

Emergency Requests: Situations that immediately threaten life, health or safety of residents or the integrity of the property. (Example: no electricity, no heat)

Urgent Requests: Situations that are a major inconvenience or hardship to owners and/or would result in health or safety hazards to owners, or further damage to the property if left uncorrected. (Example: clogged sewage drain)

Routine Requests: Conditions that warrant repair but are not of an emergency or urgent nature. (Example: broken door closer)

Deferred Maintenance. Those maintenance activities which are known and can be scheduled for some time in the future without incurring damage or financial harm to the association. Deferred maintenance activities typically are the long term items such as painting, caulking, concrete and asphalt repairs, etc. Some maintenance items may have to be deferred due to lack of proper planning or inadequate funding. Ideally, however, deferred maintenance should be a conscious choice on the part of the Executive Committee after carefully analyzing the benefits, cost, and risks of deferring the maintenance item. Even then, it should be deferred only for a limited time, with plans for setting a date in the future when it will be completed.

WHO IS RESPONSIBLE FOR WHAT IN A CONDOMINIUM?

Before developing a maintenance program, you must identify:

Which facilities, equipment, and structural elements are to be maintained and budgeted for by the association.

Which facilities, equipment and structural elements are to be maintained at the responsibility and expense of individual unit owners.

The association has the responsibility of maintaining the common areas, but not individual units or parts of units.

You may think the answer is easy: The unit owner maintains and pays for everything inside the walls, ceiling and floor of his unit, everything else is the common area for which the association is responsible. But exactly where does the unit begin and the common area end? For example: Is the entry door part of the unit, or is only the interior surface of the entry door part of the unit? If that is the case, who owns and maintains the door knob system since it extends entirely through the door?

Drawing the line to show where the unit ends and where the common elements

begin is not always easy. A solution to this is to develop a Maintenance Responsibilities Chart.

First, take a careful look at the definition of maintenance responsibilities that is explicit or implicit in any applicable legislation and within the condominium's Association Agreement. Then, the Executive Committee should prepare and provide to all owners and residents a chart of maintenance responsibilities of the association and the unit owners. This chart should deal specifically with each major element or component of the property, with particular attention given to those elements touching upon or involving the units, which is where the greatest confusion regarding maintenance and financial responsibility typically arises.

As with other activities of the association, the Executive Committee is charged with the responsibility to exercise good business judgement in administering its maintenance program. In some instances the Committee may decide, exercising good business judgement, to take on the maintenance of certain elements that it is not required to maintain under the Association Agreement, because of the economies or efficiencies that can be achieved over individual maintenance. The Committee may also make such a decision because it may not be feasible to expect owners to perform the maintenance on an individual basis. Examples are caulking around exteriors of windows and repairs to balconies.

STEPS TO DEVELOP A MAINTENANCE PROGRAM

NOTE: STEPS 1 AND 2 MAY BE DONE TOGETHER. They both entail walking the entire property, inside and out. Plan to do this in good weather, and depending on the complexity of your association's property and equipment, you may want to have with you a knowledgeable contractor or technical expert who can accurately estimate the age and condition of certain equipment.

REMINDER: A Facilities Committee may be of great help to the Executive Committee in doing some of the inspection and research.

Step 1: Inventory the property, facilities and equipment

Develop an *exhaustive* list of those aspects of the property and equipment that the association is required to maintain. Do not ignore the grounds, plants, bushes, or trees, as well as less visible components such as underground pumps, roof surfaces, etc.

Step 2: Conduct a physical inspection of the inventoried property, facilities and equipment to assess the current condition of each component and to identify any problems that need maintenance now

Steps 1 and 2 may be done in one inspection. Have a columned list ready to fill in. For each item on the list you may want to ask the following questions:

What is the approximate age of the equipment?
 What is its current condition (excellent, good, fair, poor)?
 What needed repairs or maintenance were observed?
 Who is the manufacturer (if applicable)?

Step 3: Identify warranties and service contracts on equipment

Determine the extent to which any facilities or equipment are under warranty or existing service contract arrangements with a manufacturer or supplier.

Here is an example of a property inspection list. You may want to add other questions.

Comprehensive Baseline Inspection and Inventory of Property Components

Property Name: _____ Date: _____ Completed by: _____

Item Inspected	Current Condition	Under Warranty or Contract?	Note any Needed Repairs or Maintenance
EXTERIOR:			
Lawns			
Shrubbery			
Sidewalks			
Steps			
Roadways			
Parking Areas			
Trash Dumpsters			
Playgrounds			
Fences			
Benches			
Exterior Lights			
Exterior Painting			
Roofs			
Chimneys/Vents			
Exterior Brick			
Gutter/Downspout			
Antennas			

Item Inspected	Current Condition	Under Warranty or Contract?	Note any Needed Repairs or Maintenance
Balconies/Railing			
Pumps/Valves			
INTERIOR: Entrance #1:			
Mailboxes			
Floors/Tiles			
Stairs			
Stair Railings			
Entrance Door			
Windows			
Security System			
Hall Lights			
Trash Rooms			
Unit Doors			
Hallway Walls			
Hallway Ceilings			
Fire Extinguishers			
Signs			
Boilers/Central System Equipment			
Water Pumps			
Cut-off Valves			
Clean-outs			
Electric Panel			
Conduit			
Pipe Insulation			
Fire Equipment			

Step 4: Define maintenance goals and standards

The most important function of the Executive Committee in developing the maintenance process may be the establishment of the association's goals the quality and level of maintenance service to be provided. The standards set for maintenance will have a

great impact on the cost of maintenance. Although the Committee has the responsibility to maintain the property, the greatest cost implication is determined by HOW WELL the property is maintained. Here are some steps which, when taken, will help you define the best maintenance standards for your particular association, both in terms of satisfaction of owners and affordability.

Steps to Take and Factors to Consider in Establishing Standards for Maintenance in a Condominium Association

Review the Association Agreement to determine whether any standards, level of service or quality are stated.

For mechanical systems or equipment, identify any manufacturer's or supplier's recommended maintenance levels.

Consult with experienced contractors or technical experts regarding recommended levels of maintenance for building components when there is a question as to what type or amount of maintenance is best.

Be very specific in setting forth maintenance standards in writing, to help guide those who will be responsible for doing the maintenance.

Be prepared to make compromises because of cost considerations.

If you are unsure what level of maintenance will be satisfactory to the majority of owners, as in the case of cleanliness of the hallways and grounds, survey the community through questionnaires or meetings to get feedback.

Step 5: Developing a Maintenance Policies and Procedures Manual

Now, for each type of maintenance Routine, Scheduled and Preventive, Emergency and Responsive, and Deferred it is necessary to develop the procedures and schedule to make the initial determination of how the work will be performed.

Chapter one of the Maintenance Policies and Procedures Manual: Developing Procedures for Routine Maintenance (Housekeeping)

Beginning with routine (housekeeping) maintenance, the following information will give you what you need to develop policies and procedures for routine housekeeping maintenance to include daily, weekly or monthly schedules for staff or contractors to follow in performing the work.

Here are the steps to take:

Steps to Creating Routine Housekeeping Policies and Procedures

Inspect the property inside and out, and develop a complete list of all housekeeping functions which will be necessary to keep the premises clean.

Develop a housekeeping schedule which lists the functions and how frequently each function should be performed.

For each function that requires detailed instructions, prepare a written guide for the worker to follow.

Put each function on a weekly housekeeping schedule to be given to the worker as his weekly work instructions.

To complete steps 1 and 2, you will need to create a comprehensive chart which lists all areas and building components inside and outside the building which will need regular cleaning. This is not difficult! Plan to do a complete property inspection on a day with clear weather, and you may want to bring with you an experienced housekeeping maintenance person who sets high standards for cleaning. The chart you fill in as you inspect the property should list each area or component, the cleaning function (e.g., dusting, damp mop, polish, etc.) and how frequently it should be cleaned. The following "Sample Routine Housekeeping Schedule" is a good example of such a chart.

SAMPLE ROUTINE HOUSEKEEPING SCHEDULE

NOTE: Semi Weekly means two times per week
 Semi Monthly means two times per month
 Semi Annual means two times per year.

FUNCTION	FREQUENCY						
	Daily	Semi Weekly	Weekly	Semi Monthly	Monthly	Semi Annual	As Assigned
Hallways							
Sweep all floors and damp mop.							
Clean and damp mop trash rooms.							
Clean and wipe trash chute door.							
Clean and empty cigarette urns and waste receptacles.							
Dust lamp covers including exit lights.							
Clean and damp wipe doors including fire exit door and trash doors.							
Clean elevator thresholds.							
Dust fire alarm pull stations.							
Wash lamp covers including exit lights.							
Clean baseboard molding.							
Dust hallway vent louvers.							
Dust fire extinguishers.							
Lobby							
Wet mop floors.							
Spray buff floors.							
Spray buff floors.							
Dust and clean furniture.							
Empty and wash ashtrays.							
Clean glass doors.							

FUNCTION	FREQUENCY						
	Daily	Semi Weekly	Weekly	Semi Monthly	Monthly	Semi Annual	As Assigned
Clean and wash windows.							
Clean and damp wipe elevator doors and door frame.							
Dust and damp wipe mailboxes.							
Damp wipe cigarette urns.							
Empty waste baskets.							
Clean elevator thresholds.							
Dust window frames (interior).							
Strip and wax floors.							
Polish door edges and metal work.							
Polish mailboxes.							
Damp wipe and clean walls							
Clean baseboard molding.							
Wash lamp covers including exit lights							
Stairwells							
Inspect.							
Dust railings.							
Dust fire extinguishers.							
Clean and dust window sills.							
Storage Rooms							
Inspect.							
Damp mop.							
Remove unauthorized items.							

Management Office							
Empty waste receptacles.							
Sweep and damp mop floors.							
Hand dust and clean office equipment and furniture.							
Empty, dust and wipe cigarette urns.							
Empty and wash ashtrays.							
Remove fingerprints, smudges, scuff marks, etc., from all vertical surfaces.							
Clean windows.							
Dust blinds, wash curtains.							

Keep in mind that from this schedule you will develop actual instructions for housekeeping workers to follow. Some cleaning duties may warrant a few words to describe exactly what standard of cleaning is expected. Here are some things to consider when writing housekeeping instructions.

Things to Consider When Writing Housekeeping Instructions

Safety instructions for both the worker and residents (e.g., use ladder, post wet floor signs when floors will be slippery, etc.).

What cleaning products to use, what cleaning products should not be used.

Detail what the work includes. For example, cleaning common area doors may include dusting the frame around the door, polishing any brass work on the door, cleaning the threshold.

Minimum standards. For example, mop water must be changed twice for each hallway mopped.

Once you have completed a chart for the interior and exterior of your association's property, the only remaining step is to incorporate the information you have gathered to write a daily or weekly schedule for the staff to follow.

The following is an example of such a schedule for the housekeeping staff or contractor to follow on a daily or weekly basis. Notice that it includes a place where the person supervising the housekeeping staff approves the work done each day by signing the schedule.

SAMPLE WEEKLY HOUSEKEEPING SCHEDULE

BUILDING ADDRESS: _____ (Seven Floor Building)

Week of: _____

Janitor: _____

MONDAY		TUESDAY		WEDNESDAY	
<i>Morning</i>	<i>Afternoon</i>	<i>Morning</i>	<i>Afternoon</i>	<i>Morning</i>	<i>Afternoon</i>
Sweep/mop lobby and elevator floors	Trim shrubbery and weed flower beds	Sweep/mop lobby and elevator floors	Spot clean lobby walls and woodwork	Sweep/mop lobby and elevator floors	Cut grass
Pick up litter on grounds		Pick up litter on grounds	Clean all surfaces of elevator cabs	Wax lobby and elevator floors	Wash lobby windows
Put trash out for pickup		Put trash out for pickup	Clean and disinfect trash room	Pick up litter on grounds	
Sweep/mop floors 2-4 hallways		Sweep/mop floors 5-7 hallways		Put trash out for pickup	
Approved: _____	Approved: _____	Approved: _____	Approved: _____	Approved: _____	Approved: _____
_____	_____	_____	_____	_____	_____

THURSDAY		FRIDAY			
<i>Morning</i>	<i>Afternoon</i>	<i>Morning</i>	<i>Afternoon</i>		
Sweep/mop lobby and elevator floors	Clean public restroom	Sweep/mop lobby and elevator floors	Sweep/mop all interior stairways		
Pick up litter on grounds	Clean community room	Pick up litter on grounds			
Put trash out for pickup		Put trash out for pickup			
Sweep/mop floors 2-4 hallways		Sweep/mop floors 5-7 hallways			
Approved: _____	Approved: _____	Approved: _____	Approved: _____		
_____	_____	_____	_____		

Common sense will guide you in developing the initial schedules, but expect your

first policies and procedures to be subject to change, depending on several factors: changing opinions of owners regarding what the minimum cleaning standards should be; changing occupancy and demographics in the building which affects how quickly certain areas become soiled and need cleaning; budget constraints; staffing levels; new methods of cleaning; and new products.

Chapter Two of the Maintenance Policies and Procedures Manual: Developing Procedures for Scheduled Preventive Maintenance

The steps you just followed to develop routine housekeeping procedures also work well for developing preventive maintenance procedures, with a few wording changes.

Steps to Develop Scheduled Preventive Maintenance Procedures

Complete a property inspection; develop a list of all building components which should receive preventive maintenance to prevent breakdowns and extend their useful life. Determine the age of each piece of equipment, its current condition and remaining useful life.

Using manufacturer's recommendations and the advice of experienced contractors, develop a one-page fact sheet and Preventive Maintenance Tasks List for each item on the list. Give the item an identification number, state its location, and record the following: age of the item; date inspected and current condition; any warranties or service contracts and expiration date; what maintenance tasks are needed; and how frequently they should be performed.

Develop a monthly preventive maintenance schedule to be used by maintenance staff or contractor. It should include all the preventive maintenance tasks for each piece of equipment and the month in which the work should be performed.

If you will refer back to page 57, you will see the "Comprehensive Baseline Inspection and Inventory of Property Components" form, which is one good example of a form you can use to complete Step 1. From this checklist, you can develop the list of all equipment and components which will be scheduled for preventive maintenance.

Now let us see how this list is incorporated into a schedule for the maintenance staff to use as their weekly or monthly task list. First, you will need to do a little research on each piece of equipment or component. For each item on the list, complete a one-page Preventive Maintenance Task List. The sample shown below, records an identification number which you assign to each item, its location, manufacturer, warranty (if any), and the maintenance tasks to be performed and the frequency. You will determine the maintenance tasks by referring to manufacturer's recommendations, and/or experienced contractors' and engineers' recommendations. These lists should be kept in a notebook in numerical order by item identification number, with a table of contents for easy reference in the future. When a piece of equipment is replaced, the list should be updated.

SAMPLE PREVENTIVE MAINTENANCE TASKS LIST			
DEVELOPMENT:	Esperanza		W = Weekly
MAINTENANCE:	Heating Boiler, Office		M = Monthly
NUMBER:	1		Q = Quarterly
LOCATION:	Office		A = Annually
MANUFACTURER:	Crane Co.		
SERIAL NO. OR IDENTIFICATION:	ABC 6-552		
WARRANTY:	None		
SERVICE CONTRACT:	None		
<i>Perform the following tasks during the heating season</i>			
<i>Skill</i>	<i>Frequency</i>		
1	M	1. Check all relief valves for free operation.	
1	M	2. Check all water, gas gate and globe valves for free operation and leakage.	
1	M	3. Check all manifolds for leakage.	
1	M	4. Check all water and gas piping for leakage.	
1	Q	5. Check condition of gas pipes, burners, valves.	
1	W	6. Check operation of electrical hardware and connections.	
1	W	7. Check operation of all automatic controls.	
1	W	8. Check low water cut-offs.	
1	W	9. Check condition of boiler pressure and temperature gauges, record readings.	
1	W	10. Check all safety controls and equipment.	
1	Q	11. Check condition of paint.	
1	W	12. Secure any loose guards or access panels.	
1	W	13. Check operation of boiler, witness starting and shutdown, check for excess smoking.	
1	W	14. Check operation and condition of flue.	
1	A	15. Perform internal and external annual inspection.	
1	M	16. Check condition of expansion tank.	
1	M	17. Bleed air from boiler.	
Other Component Information			
Record of Major Repairs			
Date	Type	Cost	By

Next, following the same procedure used to develop the Weekly Housekeeping Schedule, incorporate each maintenance duty on all equipment into a calendar style monthly Preventive Maintenance Checklist which will be used by the building engineer or contractor. The Preventive Maintenance Checklist tells the worker what equipment needs maintenance, where the equipment is located, what tasks are to be performed, and which task has been assigned to each worker. Workers complete the checklist by dating and initialing beside each task when they have performed the maintenance.

These forms can be used whether your condominium owners' association hires a maintenance engineer or retains a management company. If a contractor is hired, the maintenance checklist is incorporated into the contract. We will learn more about this in the module on contracted services.

You now have the tools and directions to complete another chapter in your Maintenance Policies and Procedures Manual. Once this is put into action at your property, you will have a good Preventive Maintenance Program. Let us move on now to the last two chapters which will complete the Manual.

Chapter Three of the Maintenance Policies and Procedures Manual: Developing Procedures for Emergency and Responsive Maintenance

Let us look again at the definition of Emergency and Responsive Maintenance.

Emergency and Responsive Maintenance. Completion of work in response to service requests generated by residents or staff for unanticipated maintenance or repairs. This refers to maintenance or repair activities that arise on an unscheduled basis such as plumbing problem, sudden roof leak, etc. Whereas, the other types of maintenance are scheduled, known and can be planned for, responsive maintenance occurs on an unscheduled basis. Incoming requests should be categorized and staff should respond to the service requests based on their priority by category.

Categories would include:

Emergency Requests: Situations that immediately threaten life, health or safety of residents or the integrity of the property. (Example: no electricity, no heat)

Urgent Requests: Situations that are a major inconvenience or hardship to owners and/or would result in health or safety hazards to owners or further damage to the property if left undone. (Example: clogged sewage drain)

Routine Requests: Conditions that warrant repair but are not of an emergency or urgent nature. (Example: broken door closer)

The policies and procedures for responding to emergency and responsive maintenance may be developed simply by establishing minimum standards related to how quickly management will respond to requests, and what deadlines an association sets for completing the repairs. Although common sense often dictates the priorities for completing emergency and urgent repairs, a good set of minimum maintenance standards will guide you in almost every situation.

The following is one example of minimum maintenance standards. Your association may want to use it as a guideline for creating its own standards.

Example of Minimum Maintenance Standards

Maintenance Task	Criteria	Standard
Emergency Corrective Maintenance	Responsive Time Task Completion	Immediate abatement of the problem. Within 24 hours of report of problem.
Urgent Corrective Maintenance	Response Time Task Completion	Inspect the problem immediately. Corrective work completed within 24 hours.
Resident Request: Routine Corrective Maintenance	Response Time Task Completion	Within 48 hours under normal circumstances. Within 24 hours of work order initiation.
Preventive Maintenance	Percent Tasks Completed Weekly	100 percent
Planned Corrective Maintenance	Percent Tasks Completed	100 percent within 3 weeks of initiation except for painting and tasks involving major expenditure. For these tasks, additional long term planning may be required.
Janitorial/Housekeeping	Percent Tasks Completed Daily	100 percent

The following example and Sample Chart for Prioritizing Maintenance Work may be the best way to become familiar with the concept of using the minimum maintenance standards and the prioritizing system for Emergency and Responsive Maintenance.

Sample Chart for Prioritizing Maintenance Work

Priority	Maintenance	Explanation
1	Emergency Corrective Maintenance	Situations that offer an immediate threat to health, safety or property.
2	Urgent Resident Request Corrective Maintenance	Situations that are a major inconvenience or hardship to owner and/or would result in health or safety hazards if left undone. (Note: At all times the resident has the right to enjoy normal, uninterrupted use of the unit.)
3	Routine non-urgent request for Corrective Maintenance	Conditions that warrant repair but are not of an emergency or urgent nature.
4	Deferred Corrective Maintenance or Special Projects	These tasks have the most flexibility in scheduling for accomplishment; delaying performance to accommodate higher priority tasks will not harm residents or the property.

Suppose you are Executive Committee Chairman and/or manager of a building. The association has an answering machine on which residents of the building may call in maintenance work requests. On a Monday morning the machine might well contain the work requests listed on the next page.

In addition to these work requests, you have regular janitorial and preventive maintenance work that must be done. Generally it is not possible to make all of the requested repairs in the same day. It becomes necessary to prioritize and schedule the repairs. To facilitate this effort the list of requests is presented in table format. When establishing priorities there are many factors to consider. First with respect to each request, refer to the Sample Chart for Prioritizing Maintenance Work and the Example of Minimum Maintenance Standards. Determine if the request is Emergency , Urgent , Routine , or Deferred in nature. Second, consider whether the requested repair is the association's responsibility. Third, determine what other factors may influence scheduling. For example, can a particular repair be made by your staff, or will it be necessary to locate and hire a tradesman with special skills? Does the repair require special parts or materials which must be purchased and delivered to the building? If a repair is delayed will it lead to more costly repairs later?

As you read the list of requests on the next page, consider from your experience and the preceding discussion how you would prioritize and schedule these repairs in your building.

	Priority	Order of Assignments
1. Apartment 506 Has a leak under the kitchen sink. The leak is coming from the supply line, and is dripping constantly.		
2. Apartment 411 The lock on the apartment entrance door is broken. The resident has placed a chair inside to the door to keep it closed, but he is afraid to leave the apartment, because he cannot secure the door if no one is inside.		
3. Apartment 110 There is a strong odor of gas in the kitchen. The stove is fueled with gas.		
4. An unidentified caller states that the glass in the rear entrance door to the building was broken last night. Glass is in the hallway, and cold air is coming into the hallway through the broken window.		
5. Apartment 215 The overhead lights in the bedroom and bathroom do not work. The resident states in his message that he has tried new light bulbs, but that does not work.		
6. Apartment 102 The toilet has backed-up, and overflowed onto the floor. The resident has mopped up the floor, but cannot flush the toilet. Because this has happened a number of times recently, there is leakage to the apartment below.		
7. Apartment 1022 This resident on the top floor has reported several large holes in the walls in the apartment because of a former roof leak and would like them repaired.		
8. Several callers reported that of the four elevators in the building, two have not been working for the past two days. One of the callers reported having the elevator stop with him inside for ten minutes last night. Eventually, it started again and he was able to get out safely.		
9. Apartment 714 The living room window has a long crack in it. It is allowing cold air to come into the apartment.		
10. Apartment 406 Has water dripping from the kitchen light fixture, and the ceiling is wet and beginning to bulge over the sink.		
11. Apartment 121 The resident called to report that the hall lights are out.		

In a residential building, you can expect every resident who calls for maintenance to expect his or her request to receive priority. This is especially true if water is dripping, lights are not working, or other building services are interrupted. The Executive Committee does take every request seriously. The problem is, these requests always seem to outnumber the association's available staff to respond immediately to every request. Therefore, there is a daily task of prioritizing the requests and responding to the most urgent requests first, and scheduling the others based on an established standard response time. The following sample of a work order may be useful in recording residents' requests for maintenance.

CORRECTIVE MAINTENANCE WORK ORDER

EMERGENCY _____

Project: _____
Name/Maintenance Item: _____
Apt. No./Location: _____
Telephone: _____
Authorized Entry: _____
Name of Person _____
Requesting Maintenance: _____

Date Called In: _____
Time Called In: _____
Taken By: _____
Skills Requirements: _____
Scheduled Week of: _____
To be Performed by: _____

Employee or Contractor Name

Corrective Work Tasks/ Problem	Completed by Initials/Date	Labor Hours to Complete	Checked by	Materials Needed/Utilized Conditions Observed	Cost

Resident: _____	Date: _____	Total Material: _____
Management: _____	Date: _____	Total Labor: _____
		Total: _____

Chapter Four of the Maintenance Policies and Procedures Manual: Developing Procedures for Deferred Maintenance

You can probably name numerous "wish-list" items in your building which you would like to see replaced, repaired or maintained better, but which must be considered low priority compared to other maintenance needed in the building.

Deferred maintenance activities are those which are known and can be scheduled sometime in the future without incurring damage or financial harm to the association. Although staff shortages and/or budget constraints require that some non-urgent maintenance items be deferred, the association should always weigh the disadvantages as well as the advantages of deferring the maintenance.

Establish as part of your Maintenance Policies and Procedures Manual a checklist of questions the association should ask itself before deferring maintenance. This checklist should be used in each case where a conscious decision is being made to defer major repairs.

Questions to Ask Before Deferring Maintenance

Will deferring this maintenance lead to any safety or health hazards, or potential property damage caused by neglect?

Is it anticipated that it may cost more to perform this maintenance in the future than it would cost to perform it now?

Will deferring the maintenance affect the useful life of the component?

Will deferring this maintenance cause a substantial detrimental effect on the aesthetic appearance of the property and lower property values?

If this maintenance is deferred, when is it scheduled to be completed, or when is it scheduled to be considered again?

In no case should maintenance be deferred indefinitely. At a minimum, the deferred maintenance should be plugged into the planning calendar for a future date when it will be up for discussion again. You will learn more about this in Module 7 "Developing the Management Plan."

IN CONCLUSION

You now have the tools and instructions to put you well on your way to developing four key chapters of the Maintenance Policies and Procedures Manual for the maintenance of your association's facilities. Once you "bring the procedures to life" and your staff and contractors get into the established routines, you will see great potential to improve building appearance, minimize interruption of building services, improve productivity and satisfaction among staff and contractors, and save the association money by extending the useful life of equipment. The pay-offs are well worth the time and effort invested in developing your association's maintenance program.

MODULE 4

CONTRACTED SERVICES

OVERVIEW

The best way to put this module into perspective is to look closely at the two words in the module title.

The definition of "Contract" is "...an agreement between two or more parties, especially one which is written and enforceable by law..."

The definition of "Service" is "...the occupation or duties of a servant; or employment in duties or work for another..."

In this module you will learn the benefits and methods of establishing a successful "Contractual" relationship between the association and those providing any "Service" to the association for which they will be paid. Contracted services refers to any of the following (and numerous others not listed):

- A contract with a municipal regia for maintenance service

- A contract with a private company for maintenance service

- A contract with a plumber to make a repair

- A contract with a private roofing contractor to replace or repair the roof

- A contract with a private company to keep the building and grounds clean

- A contract with an accountant to perform an annual independent audit of the associations financial books

- A contract with an attorney to handle the serious delinquent accounts

For the purposes of this module we will concentrate on contracting for maintenance or repair services. But it is important to keep in mind that *any* service which an association hires out may be provided based on a written agreement or contract between the parties. Putting things in writing and hiring for services based on the association s desired objectives are techniques which lend themselves well to many circumstances.

MODULE OBJECTIVES

Develop criteria for determining what maintenance and repair services should be performed by outside contractors.

Learn how to design the scope of work and develop specifications.

Learn where to find qualified contractors, and develop the bid invitations.

Develop techniques for interviewing bidders, evaluating bids and selecting the best contractor.

Learn to prepare the contract using good contract negotiations.

Learn how to get the most out of contractors through good communications.

Learn the value of competition to get the best value and service from contractors.

DECIDING TO USE A CONTRACTOR

The first step in maintenance or repair contract negotiations is to determine the association's responsibilities and decide whether to handle the work in-house (using an employee or owner-volunteers) or to contract with other contractors.

The association's leadership and management must always keep in mind that it is only responsible for maintaining the common areas. The Association Agreement should state this clearly. When an owner pays his condominium fee, he puts trust in the Executive Committee to spend that money only on the operations of the condominium and the upkeep of common areas, not for upkeep of other individual units, which is the sole responsibility of the person(s) who owns the unit. There are rare exceptions to this rule, and even when there may be a good reason for an exception all owners should be advised in advance, and allowed to vote on any issue where association condominium fees would be allocated for repairs to units.

Therefore, the first test an Executive Committee should make before deciding to contract out, is to make sure that the association has authority to maintain the area or components for which they are about to contract out.

What areas, components and services are most likely to receive the best service and value from a contract with a municipally owned regia? Would you get better service at a lower cost by contracting with other contractors, or by hiring your own on-site employees? Are there any good private contractors available to bid on your contract? The debate over contractor versus employee has been an ongoing topic for debate for as long as condominium associations have been in existence around the world. However, there are some logical guidelines to follow.

Guidelines for Deciding When to Contract Out for Services

Unsatisfactory Experience With the present contractor. Perhaps the owners association has already contracted out, given the company their desired standards of cleanliness and repairs and has waited a reasonable length of time to see the results, but it is becoming clear that this firm cannot provide the level of service the association wants. In this case, the Executive Committee should investigate other options to get the work done in a satisfactory manner, including contracting out again..

Unsatisfactory Experience Using In-house Staff. Has the use of in-house employees in the past proven not to provide the level of service desired? For example, has your association hired a cleaning person who cannot ever seem to keep the hallways looking consistently clean? So long as you keep this person under your employ, they must be paid. If a contractor were responsible for this work, the contract would specify that payment would be based on performance. Contractors cannot afford to have deductions made from payments, so there is a built-in incentive to give consistently good service. Another advantage is that the contractor would be responsible for assigning a supervisor to make sure his employees are meeting your standards. This frees the Executive Committee from direct supervisory duties.

Legal Requirements. Are there any legal requirements, either in the Association Agreement or in current legislation, that certain equipment be maintained by contractors? Typically, certain maintenance work, such as lifts, boilers, main electric circuitry and most other electrical work, and certain plumbing work, must be performed by licensed contractors.

The Investment. The larger the investment an association will make on maintenance or repairs, the more attention it will pay to the skills, experience, and burden of legal responsibility to provide quality performance of the person(s) who will perform the work. Generally, the most expensive work, such as elevator repairs, roof replacements and the like will have to be contracted out.

Consider Fiduciary Responsibilities and Using Good Business Judgements. Maintenance and repairs are not the only services an association decides to contract out for. The Executive Committee has a duty to protect the association's assets, and keeping this in mind it must consider carefully how the financial management will be handled. Although associations sometimes use owner volunteers or hire a bookkeeper/accountant to collect and deposit funds and keep all financial records, a good business judgement would dictate that this person be completely qualified to do this type of work, with the proper education and related experience. Sometimes it is difficult to find this person, and contracting with an accounting firm is a better choice than hiring someone with questionable skills.

The "Cost Effective Test" and "Service to Owners Test." Condominium owners associations do not limit the use of outside contractors only to the most expensive

projects. Even for smaller one-time repair jobs which could be performed by a volunteer in the building or even a condominium's own maintenance engineer, they ask the following questions:

Do we have the tools required? Would the time consumed and cost of renting or buying the right tools cost more in the long run than hiring a contractor who would already have the tools?

If our maintenance engineer makes this repair, would it significantly impact his ability to perform regular preventive maintenance duties on time?

Would there be a noticeable delay in completing resident requested work orders if we must wait for a volunteer or the maintenance engineer to make this repair?

The answers to these questions sometimes suggest that hiring a contractor is the best idea, but at another time it is not necessary. In this case, it may be wise to contract with a good all-around general contractor who is willing to perform fill-in maintenance on an as-needed basis at a competitive rate.

DESIGNING THE SCOPE OF WORK AND SPECIFICATIONS

Once the association determines the job is extensive enough to require a contractor, the scope of work and specifications should be prepared in sufficient detail so that potential contractors and the contractor ultimately hired will be well-informed of the exact requirements for submitting a proposal and performing the job satisfactorily. These specifications will eventually be made a part of the contract, so it is important to put in as much detail as possible to prevent misunderstandings later.

Specifications and scope of work should include:

Specific description of the work to be performed and the quality or level of work to be performed. For example, if your association's established standards for keeping hallway lights working is to have a light out for no more than 24 hours, your specifications for a routine cleaning contract would read: "Inspect all hallway light fixtures daily and replace any burned-out light bulbs so that no fixture remains unlit for longer than 24 hours."

The time period within which the work is to be performed. Contractors may have a tendency to pull their staff from your building to do other work in the middle of the job, which can drag out the completion of your contract and cause great inconvenience to your residents. This is especially true in the case when painting companies take too long to paint the hallways, or when asphalt companies leave your parking lot halfway done and completely unusable in the meantime.

Penalties for failure to perform adequately or within the time frame. There will be extenuating circumstances which are beyond the contractor's control, such as bad weather, but otherwise, the association should be protected from having to pay when work is poor or completed late.

The materials to be used. List these in sufficient detail to assure that the quality and quantity of materials desired by the association are utilized. For example, a painting company may plan to use a lower quality brand of paint which they obtain at a discount if the association does not specify its preferred brand.

Any requirements for insurance or licensing that the association may require. The specifications may also state that the contractor is obligated to be informed of, and abide by any licensing or insurance requirements legally required for the type of work he will perform.

Specific description of the property, facilities or equipment to be maintained or repaired. Use drawings, maps and as much detail as required to make it clear what is, and what is not to be maintained. Some examples: landscaping contractors will need to know the property boundaries. If you want a painting contractor to paint all common area doors, but not unit entry doors, you must state this clearly and define common area doors (e.g., trash room door, stairwell doors, building exit doors).

Specific description of the level, quality or expertise of the personnel the contractor uses to perform the work. You may also want to specify that the contractor may not subcontract to persons other than his employees to perform the work.

Identification of the association's contact person for the contractor. This will be the association's representative (usually the Executive Committee Chairman) responsible for supervising, coordinating, evaluating and overseeing contractor performance.

Warranties. Where it is appropriate, warranties should be expressly called for in any contract bid specification. They can cover both products and services. Warranties for products can come from both the contractor and the manufacturer. For example, for an exterior paint job, most paint manufacturers only provide a warranty on a product when it is applied according to specification and the warranty is limited to replacement of the product, not the cost of applying it again. If the paint peels because the surface was not prepared properly, the product warranty would be voided. Or, the association may receive a new supply of paint but may have no labor to apply it. The bid specifications should cover this type of situation by requiring the contractor to correct at his time and expense problems which arise prematurely as a result of his faulty work. One word of warning: an association should be reasonable and realistic. Investigate

the product or equipment to determine what a normal warranty or guarantee would be. Unreasonable expectations can increase costs, or mean that the job does not get done.

The following is an example of the detail used in the painting specifications for a condominium association.

Specifications for Repainting Condominium			
<p><i>Preparation of Surfaces to be Painted:</i> This section of the specifications is of the utmost importance, if not the most important part of painting procedures. Even the very best paints will not perform satisfactorily when applied over a poor substrate, or under undesirable conditions.</p> <p>Re-painted surfaces must be water-blasted to clean off all loose paint. This must be done with a machine with at least 170 kilograms per square centimeter.</p> <p>Wash all exterior surfaces with a solution of tri-sodium phosphate, detergent, liquid bleach and water. Leave solution on for 20 minutes, then rinse thoroughly. Let dry completely before painting.</p> <p>Caulk all needed areas (doors, windows, cracks) with top quality latex caulking.</p> <p>Prime all rusty nailheads with pigmented shellac.</p> <p>Re-nail all loose boards. Replace all rotted wood.</p> <p>Do not paint when temperature of substrate is under 10 degrees Celsius.</p> <p>Do not paint under direct threat of rain.</p> <p><i>Painting:</i> Use only top quality primer and top quality exterior latex house paint.</p>			
Surface to Be Painted	No. Coats of Primer	No. Coats of Finish Paint	Other
Plywood Siding	spot prime	1	
Overhangs	1	1	
Ornamental Ironwork	1	1	use metal primer
Exterior Doors	1	2	sand to remove loose paint
Gutters/Down spouts	1	1	sand to remove loose paint
New Wood	1	1	

Vague specifications may result in bidders allowing for the unforeseen via higher prices or writing their own specifications. An association which fails to be specific about what is included in the bid opens the door for disputes as the job progresses and at the time payment is due.

FINDING QUALIFIED CONTRACTORS AND INVITING THEM TO BID

The emergence in Romania of owners associations and their right to select the contractor of their choice, is an important element in the move toward a market economy. Condominium associations open the door for new business opportunities and jobs.

But because this is new in Romania, it is natural that the association owners may wonder where they will find a good selection of contractors to bid on their contract. The

good news is that people are fast to respond to opportunity. Experience has already proven this in Romania. Of course, there are bound to be "growing pains" as new business men and women learn how to manage their maintenance companies and how to meet the needs of associations.

The association should do some research and planning to determine the best way to reach the right people and companies to invite to bid. Whether it is through newspaper advertising, direct phone calls, or flyers posted in the right locations, here are some of the people you can expect to be interested in your invitation to bid:

The local government maintenance regia.

Individuals or groups of individuals who are or have worked for a government maintenance regia, and decide to start their own company.

Developers and construction companies who employ a maintenance staff to maintain the buildings they construct, and are interested in providing maintenance for other buildings as well.

Former employees of construction companies who wish to use their specific skills to start their own maintenance and repair company.

Individual craftsmen in the trades (carpentry, plumbing, electrical).

Another good source to find contractors is to contact manufacturers and suppliers. Ask them for the names of contractors who order from them regularly.

Inviting Contractors to Bid

Once you have found at least 4-5 contractors who may be qualified, it is suggested that phone calls be made to establish initial interest and confirm that they have the qualifications to do the work. The goal is to obtain at least three bids, more if possible. Then, a cover letter and the specifications should be sent to each interested company. The cover letter should include:

The name and phone number of the association's contact person.

A little background on the association's decision to bid out for the work.

A reasonable deadline for receiving written bids.

A requirement that the contractor should include references with his proposal.

An invitation to meet with the Executive Committee or representative to discuss the proposal, giving the date, time and location of the meeting.

A decision date when the association will decide to select a contractor.

Evaluating the Bids and Selecting the Contractor

Once the bids are in, the job of comparing them should not be done by only one person. Generally, the Executive Committee or a committee of owners chosen by the Executive Committee should be involved. A proposal comparison chart is completed by reviewing each proposal, and listing the comparative factors for each proposal, so that the Committee can tell at a glance what the differences are in each proposal. This saves the Committee a great deal of time because they do not have to flip through all the proposals. At the end of this module you will find two examples of proposal comparison charts. One is less detailed for smaller contracts.

Tips for Evaluating the Bidders

Check out all references carefully.

If possible, and if appropriate, visit properties or other customers of the contractor to see the level of service.

Evaluate costs and other terms of their proposal to assure consistency with the specifications.

If there is something in the proposal which is not clear, call the contractor.

Conduct an interview, getting all questions answered, and allowing the contractor to present any other information which he believes makes his

company the best qualified for the job.

Selecting the Contractor

Select the contractor who seems best able to perform the required work within the time frame required, within the contract specifications, and the one with the best track record based on references and inspections, and all at a cost which the association can afford.

In evaluating the bids for a final decision, price is a crucial factor. If one bid is appreciably low compared to the others, it probably is not a good bid. A low price on a bid could result in greater expenses in the long run. The low bidder may have provided a price designed to make all other bids look out of line. The bidder may anticipate cutting corners to make his bid work, and the association will suffer. The low bidder may be forced to abandon the job midstream because of a cash flow problem.

Conversely, a bid that is noticeably higher is also an unlikely bet. The contractor either has built in an unreasonable profit margin, or simply does not understand what is involved in the job.

CONTRACT NEGOTIATIONS

When a selection has been made, a meeting should be arranged with the winning contractor to award him the contract and review the job. Every term of the contract and the specifications should be reviewed with the contractor. The whole purpose of this meeting is to make sure that all parties have a clear understanding of the job, when it is to start, the progress that the association expects and the terms of the contract regarding payment. If the association and the contractor are in disagreement about the terms at this meeting, the contract should not be awarded. If after more discussion there is still disagreement, the association should consider one of the alternative bidders. Once there is agreement the association should promptly notify the contractors not selected, and thank them for their interest. Other items to clarify at this meeting include:

How many workers will be involved, and who will supervise them.

Hours when the workers will be on-site.

Where supplies will be stored.

The association should have prepared a contract to be signed by both parties, and at a minimum, it should include:

The legal names of the two parties entering into the contract.

The date the contract was entered into.

The subject and purpose of the agreement.

The total cost of the contracted work to be paid to the contractor.

The scope of the work, which may be the specifications, referenced as "Exhibit A" attached to the contract and made an integral part of the contract.

Obligations of both parties (e.g., storage of materials, clean-up, notification of cost overruns or delays, responsibility for damage).

Schedule of payments and manner of payment.

Rights of both parties.

Any schedules of inspection while work is in progress.

Contract cancellation rights and procedures for both parties.

Any contract language required by law.

Once a contractor is selected, it pays to work hard to maintain a mutually satisfactory relationship. Here are some tips to make this happen.

TIPS FOR GETTING THE MOST OUT OF YOUR CONTRACTOR

Close communication is the key to receiving satisfactory contract services. Regular meetings with the contractor or telephone calls go a long way toward preventing problems and keeping both parties happy.

An association should not anticipate getting any more than what is actually contained in the contract. Do not ask for special favors.

Be fair and understanding when dealing with the contractor and his employees. Complaints should be handled through proper channels. It does no good to reprimand a contractor's employee, it only leads to a feeling of ill will. Instead, submit any complaint to the employee's supervisor.

USING COMPETITION TO OBTAIN THE BEST SERVICE AND VALUE

Competition is a necessary success principle that pushes those competing to peak performance.

Although all of us develop some level of self competition and strive to improve ourselves, we still need to expose ourselves to competition against others. Competition against others produces growth, and is a way to measure our knowledge and progress.

Here is a visual picture of competition.

Two men were hiking in the mountains when they came face to face with a bear. The bear was startled, the men were startled, and the bear got mad. In a flash the men got the heck out of there. They turned and began running down the mountain trail. Suddenly one man stopped, which caused the other man to stop.

"Why are you stopping" asked one man.

"To put on my running shoes," the other replied.

"Why? You can't outrun the bear," he countered.

"I know," his partner answered. "But all I have to do is outrun you!"

A good contractor will not shun competition. He knows it breeds taking personal responsibility for his company's actions. It is healthy and educational. Sure, there is always a winner and a loser, and no one likes to lose, but without losses, setbacks and disappointments there would be no growth.

Competition gives contractors a chance to "find out what they are made of" and it pushes them to peak performance. Both the association and the contractor win in a competitive arena.

PE OF CONTRACT _____

PROPERTY NAME _____

The Operation and Management of Multi-Family Housing in Romania

A Reference Manual for Owners Associations

87

PREPARED BY _____

NAME OF COMPANY/VENDOR	COMPARATIVE FACTS			

NOTES: _____

RECOMMENDATION: _____
 APPROVED _____

MODULE 5

FINANCIAL MANAGEMENT

MODULE OBJECTIVES

Learn the necessary steps for preparing the association's operating budget and to consider the benefits of establishing a capital reserves budget.

Learn what is included in an effective accounting system; the financial procedures and recordkeeping.

Discuss the uses for periodic financial reporting documents.

Learn to develop an assessment collection policy.

OVERVIEW

(EXECUTIVE VICE PRESIDENT)

HOUSEKEEPING PROPOSALS COMPARISON CHART

	COMPANY 1
ALLWAYS	
Sweep and Damp Mop	6 times per week
Clean and Damp Mop Trash Rooms	6 times per week
Clean and Wipe Trash Chute Door	6 times per week
Clean and Empty Waste Receptacles and Cigarette Urns	6 times per week
Clean and Damp Mop Elevators	6 times per week
Clean and Damp Wipe all Doors	1 time per week
Wet Mop all Floors	1 time per month
AIRWELLS	
Sweep and Damp Mop	6 times per week
Wash Windows	1 time per month

The preparation of an association's operating and reserve budgets, and developing and monitoring a comprehensive financial management system may be the most important responsibilities of an Executive Committee. The best way to assure that accurate historical information is maintained and that there is a mechanism for monitoring financial performance, is to establish a complete financial management system, including the records and books, accounting procedures and financial reports. Tax issues, assessment collection procedures, and policies for investing association funds should be incorporated into the system. After the system is established, periodic audits should be conducted by outside independent auditors to evaluate the entire system for accuracy and appropriate procedures.

The most important financial tool any association should begin with is the operating budget. Therefore, the operating budget procedures will be given the

greatest emphasis in this session. This is not to minimize the importance of the other objectives listed above, which will be covered extensively in written materials provided herein.

PREPARING A FINANCIAL PLAN FOR A CONDOMINIUM

Statement of Purpose

Preparing a financial plan can accomplish several results:

Portray the objectives of the condominium membership in financial terms.

Reinforce owners' commitment to paying common charges.

Obtain subsidies to which condominium owners are entitled.

Compare the results of condominium operations to the stated objectives of the members.

Stage 1: Establishing the Process of Preparing and Approving the Financial Plan

Who is entitled to make comments on the financial plan and approve it?

All owners of condominium units must be given a chance to comment on the financial plan. Approval of the plan is the responsibility of the Executive Committee. However, the budget can only be approved by vote of the General Assembly of the association, and the financial plan should not vary by more than 10 percent from the approved budget. Thus, the owners of condominium units ultimately have control of the financial plan. There will be different types of ownership in different condominiums.

Who should prepare the financial plan?

If the owners' association has contracted with a person, a private company or some other entity to manage its property, the contractor should prepare a financial plan and present it for review by the Executive Committee. If the association is managed by the Executive Committee itself (paid staff or volunteers), then a sub-committee of the Committee might prepare the financial plan and present it to the Committee.

The Committee will analyze the proposed financial plan, recommend changes if necessary, then approve the financial plan.

By law in Romania the Executive Committee is required to present the financial plan to the General Assembly of owners for approval. Granted, it is procedurally appropriate to have the General Assembly of owners approve the proposed financial plan, because building a condominium democracy is essential if there is to be support for improving the

property and its management. But on the other hand this can be a difficult event for the Executive Committee, because the budget will be subject to discussion by the General Assembly. A poorly conceived budget will surely result in negative response or worse. It is most important that the Executive Committee work hard to understand the results the owners want and be sensitive to their capacity and willingness to pay.

Stage 2: Establishing the Objectives of the Association in Preparation for Developing the Financial Plan

Step 1: Collect Information from the Owners

Strategic planning is a process of identifying desired results, then developing an approach to achieve these results.

In order to know what results the owners want, it is necessary to talk to them. This can be done in a meeting but it is preferable to survey them individually, since people may be influenced or intimidated by their neighbors when meeting together.

The survey can be done by the Executive Committee members or by a committee established for the purpose. The survey can be done by handing out a form to be filled out anonymously, because people will be more honest in their opinions if their identity is unknown.

The survey might be structured as follows:

1. What type of owner are you?

Residential Commercial Other, please specify: _____

2. Do you occupy the unit or rent (lease) it to someone else?

Occupy Rent (lease)

3. In the coming year, what are the most important results you want for your grounds (attached territories)? Please list them in order of importance.

Number One Result _____

Would you pay more to get this result?

a lot more some more a little more no more

Number Two Result _____

Would you pay more to get this result?

a lot more	some more	a little more	no more
------------	-----------	---------------	---------

Number Three Result _____

Would you pay more to get this result?

a lot more	some more	a little more	no more
------------	-----------	---------------	---------

4. In the coming year, what are the most important results you want for your building common areas (this does not include your unit/flat)? Please list them in order of importance.

Number One Result _____

Would you pay more to get this result?

a lot more	some more	a little more	no more
------------	-----------	---------------	---------

Number Two Result _____

Would you pay more to get this result?

a lot more	some more	a little more	no more
------------	-----------	---------------	---------

Number Three Result _____

Would you pay more to get this result?

a lot more	some more	a little more	no more
------------	-----------	---------------	---------

5. In the coming year, what are the most important results you want for your communal services (heat, hot water, garbage collection, etc.)? Please list them in order of importance.

Number One Result _____

Would you pay more to get this result?

a lot more	some more	a little more	no more
------------	-----------	---------------	---------

Number Two Result _____

Would you pay more to get this result?

a lot more	some more	a little more	no more
------------	-----------	---------------	---------

Number Three Result _____

Would you pay more to get this result?

a lot more

some more

a little more

no more

6. In the coming year, what are the most important results you want for this association? Please list them in order of importance.

Number One Result _____

Would you pay more to get this result?

a lot more some more a little more no more

Number Two Result _____

Would you pay more to get this result?

a lot more some more a little more no more

Number Three Result _____

Would you pay more to get this result?

a lot more some more a little more no more

Please add any other comments or suggestions here:

Step 2: Collect Information About the Building

If strategic planning is to succeed, it is critically important to know and to document the environment for the desired results: it is essential to document the physical condition of the elements of the building and grounds. To do this the property must be surveyed to establish a baseline. The baseline becomes the measure of what needs to be done and how well it is done. In other words:

A baseline is a document which presents, represents and identifies the existing components of the property and their condition.

It will be necessary to organize the information. There are many ways to do this, but the following structure is logical and common for condominiums:

Grounds (including improvements to the grounds such as paved roads, playgrounds, furniture, etc.).

Building exteriors (including roofs, walls, windows, doors and foundations).

Building interior common areas (including public and administrative spaces, heating and electrical, elevators, fire protection, communal service pipes, conduits and equipment, etc.).

Residential units.*

Commercial units.*

(* NOTE: If the condominium association itself owns residential or nonresidential units, and for those communal services which pass through units but which are maintained by the association.)

A detailed baseline model which would be used to survey conditions would contain the following necessary information:

Item Category	Type	Quantity	Estimated Age	Condition
---------------	------	----------	---------------	-----------

There are some critical decisions to be made before the survey is done.

1. *How many categories should be used? How detailed should the baseline be?*

Initially the baseline should be fairly simple, but each year or each time a repair or service is made to a sub-element of a category, it can be added to the plan. Thus, for the category "Entry", in the beginning you might just have the following:

Item Category	Type	Quantity	Estimated Age	Condition
Entry				
Entry Doors	Wood & Glass	1 double door	25.00	Replace
Steps	Concrete	2 square meters	25.00	Poor

However, if the condominium association adds a security system and lighting and replaces the entry doors, it might revise the baseline as follows:

Item Category	Type	Quantity	Estimated Age	Condition
Entry				
Entry Doors	Steel & Glass	1 double door	1.00	Excellent
Steps	Concrete	2 square meters	25.00	Poor
Security System	Intercom	1	1.00	Excellent
Entry Light	Incandescent	1	1.00	Excellent

The baseline model can become very detailed. Condominium owners' associations must pick and choose categories appropriate for them and adopt a level of detail that works best for them.

2. How accurate should the quantities be?

A general rule is that the quantity estimates for areas (m²) and lengths (m) should be within 15 percent of actual. The more important or expensive the item is, the more closely it should be measured. Here estimates need to be within 10 percent. For many items, such as the number of emergency lights or elevators, the estimates can be exact.

3. If I do not know the age of the equipment, what do I use?

You can learn from the municipality the age of the building. If you think an element has not been replaced since the time of construction, then you should use that age. Otherwise, make the best estimate or guess, or simply indicate "N/A" (Not Available) or "U" (Unknown).

4. Why do I need to know the age?

The age can be a guideline to help estimate when you might have to replace the item based on the experience of others.

5. How can we agree on the condition?

This is an important question. If possible, there should be a common definition of the terminology for physical conditions, to reduce the possibility for different persons to interpret the actual condition differently.

There are two ways to agree on definitions. One way is to have a written definition with several examples. Here are sample definitions of "repair" and "replace".

Repair: To restore to a sound and acceptable state of operation and appearance which will last as long as a new item over the same period of time when compared with the annual cost of the replacement.

Replace: To remove an existing item and to construct or install a new item similar to the existing one, when the existing item cannot be repaired or it is financially uneconomical to make a repair.

Example: To replace an elevator which is expected to last 30 years will cost 125 million lei. The money is borrowed and the association pays a monthly installment including 50 percent interest over 30 years (the expected life of the elevator). This costs 62.5 million lei a year. In addition it will cost 250,000 lei a year to service this new elevator. On the other hand, the old elevator can be repaired each year and made to work like new. If it is repaired and serviced so that it works like new, it will cost the association 32.5 million lei a year for repairs and service. Which is better? Assuming that timely and proper annual servicing and repairs can be made to the old elevator, then clearly over the 30 year period the installation of a new elevator would result in substantial additional costs to the association over repairing and servicing the old elevator. It should be noted that the high interest rate on the borrowed money causes the annual cost of the new elevator to be so high.

Another way to agree on the condition is to have a group inspect the property together and negotiate by consensus the descriptions of the elements and their conditions.

6. What categories of conditions should I use?

Generally it is good to use about four and to define them.

Replace: To remove an existing item and to construct or install a new item when the existing item cannot be repaired or it is financially uneconomic to make a repair.

Poor: It needs a lot of repairs and is very close to needing to be replaced.

Average: It needs some repairs.

Excellent: It is either new or needs no repairs.

Step 3: Estimate the Cost of All Repairs and Replacements

Although this is a difficult task, if approached seriously, it will help the Executive Committee make the right financial planning decisions. Clearly the Executive Committee has a duty to make repairs and to provide services. From Step 2 above, the Committee

can prepare an estimate of the total cost to correct all deficiencies by estimating repair and replacement costs of individual elements. There are two ways to estimate these repair and replacement costs.

Estimate the materials, labor skills, labor hours and equipment needed to make the repair or replacement.

Secure a quotation from a contractor.

Step 4: Prioritize Physical Work (Repairs and Replacements)

There are three inputs which contribute to setting priorities.

From the Owner Survey and from the Executive Committee, there is a list of desired results in some order of importance.

From the baseline survey there is a list of deficiencies which stand in the path of securing the desired results. Most of these can be matched up with the lists of desired results.

The cost estimates will guide prioritization, particularly if resources are insufficient to achieve some of the desired results.

In setting the plan for the coming year, an Executive Committee needs to balance these objectives and constraints.

For example, perhaps the survey established that one of the most important results desired by the owners is to make sure that the lifts work properly and reliably. The baseline survey established that there were severe deficiencies in the four lifts, requiring extensive repairs but not requiring replacement. The cost estimate was high but could be afforded, provided that no other repairs were needed that year. However, in the survey, people said that they were afraid of thieves because the exterior doors were not secure. The baseline survey determined that the only cost effective approach to the exterior doors was to replace all eight of them. The Executive Committee might decide to propose to the owners that all four elevators be repaired, that all eight doors be replaced and that fees be increased to pay for both. They might have learned from the survey, for example, that people would be willing to pay more to have these problems fixed at once. On the other hand, perhaps people would be unable to afford to pay higher fees. In this case the Executive Committee might recommend repair of two elevators during the current year and two in the following year, while replacing all eight exterior doors immediately.

Step 5: Estimate the Total Cost of All Property Services

Repairs are not the only expenses of the owners' condominium association. Grounds must be maintained; stairways must be cleaned; trash must be removed, etc. From the baseline survey, the Executive Committee should be able to combine these

expenditures for inclusion in the plan.

The first task is to set out for every element of the property on the baseline, the type of service needed, its frequency, the equipment needed, the estimated time for each service and the minimum skill required to do the work. The following chart presents an example:

Item Category	Type of Service	Frequency	Effort in Hours/Task	Equipment Needed	Minimum Skill	Materials Needed
Grounds	Sweep	Monthly	4.00	Brooms	No Skills	None
Paved Areas	remove snow and ice	when snow depth exceeds 8 cm	3.00	snow plough	none	

The second task is to use this chart to estimate service and janitorial costs by either:

Calculating the costs of materials, labor hours and equipment needed to conduct the services or janitorial functions.

Securing quotations from contractors.

As with repair and replacement (Steps 3 and 4 above), decisions must be made about how frequently these services are needed, which ones can or need to be done under contract, and what is the priority.

For example: Servicing the elevator monthly may be required by government regulation. Certainly it is required by the desire of the Executive Committee to ensure the longest possible life for the elevators and the desire of the owners to have reliable and safe elevator service. On the other hand, volunteers could inspect the lighting in the elevators and replace light bulbs when burnt out.

Step 6: Collect Information About the Finances

Strategic planing is a process of identifying desired results, then developing an approach to achieve these results. Successful strategic planning depends on knowing what resources are available.

For example: The Executive Committee decides to make extensive improvements to the property. The cost of these improvements will be 50 million lei. Owners cannot afford the capital cost at this time. So the Committee decides that it will establish a Capital Improvement Fund. To do this, it has three options.

Option A. The Committee may increase fees or reduce expenses, and put the surplus into an investment fund which brings an investment return greater than inflation. The target is to accumulate sufficient money within five years, accepting (judging) that the action can be postponed for those five years without creating consequential damages to the property.

Option B. The Committee decides that the improvement has to be done as soon as possible because there are consequential damages being caused as long as the problem persists. The cost per unit is calculated, and the Committee issues a special assessment, which must be paid by all owners within three months (for example).

Option C. The Committee borrows the money and has every owner sign for the loan and agree to pay their share of the loan payments each month. All owners agree to have a lien on their unit and if they do not pay their share, the condominium association has the right to have the subsequent owner pay the amount due plus interest. In the meantime, the other owners have to pay a share of the loan payments of those owners who are not paying.

One of the challenges in budget preparation or financial planning is to make appropriate use of information from the past. Skillful interpretation of historical information can give valuable guidance. On the other hand, incorrect usage can lead to significant errors, especially where prior years' data are blindly projected into the future. In other words, historical information about spending and revenues must be used with careful judgement as to its relevance.

For example, just because electricity cost 500 lei per KWH this year does not mean that it will cost the same next year. Even if it did cost the same, or went up or down in price, this could not be treated as "normative" when planning next year's expenditures. All factors must be considered. For example, the Committee might replace all the electrical light bulbs in the common areas with new energy efficient ones, thus reducing electrical consumption.

Stage 3: Develop a Draft Financial Plan (Budget)

To develop a financial plan, one must prepare a draft budget. This declares where the money is coming from and where it will be spent. The budget states in monetary terms the results which the condominium owners' association wants to achieve.

For example, the association wants to clean hallways throughout the year and also reduce the mud and dirt being brought in from outside by paving some of the paths on the attached territory. It budgets 1.5 million lei for this.

Stated again, a budget "represents and presents the desired outcomes of the condominium association in monetary terms."

Step 1: Establish the Budget Categories

At the end of this section is a Sample: Chart of General Ledger Accounts which shows the many accounting and budget categories which an association might use in establishing the budget. Although it contains more categories than an association will probably use, additional categories can be added as well. It is important to consider every category when preparing the budget, so that an item of expense or income is not inadvertently overlooked. So even if the final budget excludes many of the categories, they should be considered during the planning phase.

Budget categories are known as "The Chart of Accounts". These are the same categories used in a financial report. So if a Property Manager or an Executive Committee wants to know what was spent on snow removal, there needs to be a budget category for snow removal.

A budget portrays the flow of money

While a financial plan may show that a lot of work is going to be done by volunteers, a budget will only show work that is done for which money is spent by the condominium association.

For example, a financial plan may show that some of the heating costs of the association are paid for by the state. But because that subsidy is not paid to the owners association directly (because the heat is sold to the owners at a reduced cost), the budget will only show as income what owners pay to the association for heat and will only show as an expense, what is paid by the association to the heating supplier. If individual owners pay the supplier directly for heating, such payments will not show in the budget. Whatever the state pays directly to enterprises to subsidize the cost of heat, does not show in the budget.

Step 2: Draft the Initial Budget Expense Amounts Including Supporting Details

The desired outcomes from Stage 2 are translated to a budget form, even if they exceed the income received in the prior year or which is expected this year.

It is important that the Executive Committee begin with the desired results, even if they must later reduce the desired expenditures because of resource constraints (lack of income). The Committee needs to be able to tell its members what it could not do because of lack of money, so that members know that the desired result was considered by the Committee and only taken out because of this resource constraint.

A draft budget being considered by the Committee should contain detailed information to explain how amounts (income and expenditures) are calculated or estimated, even if the final budget as presented to the members, does not show these details.

So, a part of the draft expense budget page might look like this:

BUDGET EXPENSES		
500	Administration	
	501.00 Committee Chairperson	2,500,000
	502.00 Bookkeeper	1,250,000
	503.00 Office Supplies	255,000

The numbers on the left are account numbers, which are helpful if the accounting is done by hand, and essential if the accounting is done by computer. The numbers used here for example only and have nothing in common with the accounting system which is used pursuant to the Norms of the Ministry of Finance in application of the accounting law.

Attached to this budget would be *Supporting Documentation*, for example:

Item 501 Committee Chairperson

The Committee chairperson has a contract with the Executive Committee to manage the condominium association. The contract pays him each month. This has been increased by 15 percent over last year because of inflation.

Item 502 Bookkeeper

The bookkeeper has a contract with the Executive Committee to record all income and expenses and to produce a monthly financial report for the Committee, and an annual report for the association members. The contract pays him weekly. This amount reflects an increase of 15 percent due to inflation, as well as a salary increase of 10 percent.

Item 503 Office Supplies

Office supplies are estimated as follows:

Paper	127,500
Envelopes	51,000
Ledger Cards	25,500
File Folders	25,500
Pens	12,200
Miscellaneous	13,300
Total	255,000

These have been increased over last year by 10 percent which means that because of inflation, we have actually reduced our planned expenses in this category. We stocked up on ledger cards and file folders last year so we anticipate less purchases this year.

Item 605 Payroll Taxes

The payroll taxes are calculated at 40 percent on the Committee chairperson and bookkeeper.

Total Payroll	3,750,000
Taxes @ 40%	1,500,000

As you can see, there is not only a decision about what the condominium wants to spend this coming year, there is also an inflation factor to take into account as well.

The more complete expense budget might look as follows:

BUDGET EXPENSES		
500	<i>Administration</i>	
	501.00 Committee Chairperson	2,500,000
	502.00 Bookkeeper	1,250,000
	503.00 Office Supplies	255,000
600	<i>Taxes</i>	
	605.00 Payroll Taxes	1,500,000
800	<i>Repair/Replacement</i>	
	803.00 Elevators	7,500,000
	804.00 Exterior Doors	2,500,000

Step 3: Draft the Initial Budget Income Amounts Including Supporting Details

As with expenses, start with the desired outcome, which for most condominium associations is "no increase in fees". In fact, the most desirable outcome is a reduction in fees! This is unlikely to occur unless, for example, the condominium association were to receive income from a new source, such as rental income.

The draft budget must include all sources of income received by the association.

The first task in preparing the income sheets for the budget is to enter last year's income, hoping that it will be enough to cover the proposed expenses.

The second task is to adjust it by the inflation factor so that members will be paying the same amount in real terms as last year. If fees are not adjusted to keep up with inflation, then members will have to receive lesser services. One way to make the adjustment would be to take the official inflation rate of the government and multiply the line items for income received last year by that rate if you think inflation will be the same the coming year.

A part of the draft income budget page might look like:

BUDGET INCOME		
100.00	Condominium Maintenance Fees	
101.00	Condominium Residential Owners	51,000,000
102.00	Condominium Commercial Owners	12,850,000
200.00	Service Fees	

Attached to this budget would be *Supporting Documentation*, which might look like:

Item 100 Condominium Maintenance Fees

Maintenance fees for both residential and commercial owners have been increased by 15 percent to adjust for inflation only.

Item 201 Elevator Service Fees

Elevator fees have been kept the same as last year because we have negotiated a new contract with a private firm and the cost, after adjusting for inflation of 15 percent, will be the same.

Item 202 Trash Chute Fees

We will close the trash chute because it is too smelly and dangerous. People will carry their own trash to the bins in the yard. There are 33 elderly and five disabled people who cannot carry their rubbish and we will pay a person to pick it up. The income from these people will amount to 510,200 lei.

Item 305 Capital Repair Fund

We have taken our capital repair fund and deposited the funds in the "We Pay More" Savings Bank. The interest it pays is 40 percent compared with 35 percent from the "We Don't Care" Bank. So this amount is substantially greater than last year.

The third task is to calculate the difference between income and expenses and adjust the condominium fees to meet the proposed expenses. Assume there is a gap of 10,216,000 lei. So we need to increase the maintenance fees by 16 percent (over and above inflation). As a result the revised part income budget front page might look like:

BUDGET INCOME		
100.00	Condominium Maintenance Fees	
101.00	Condominium Residential Owners	59,160,000
102.00	Condominium Commercial Owners	14,906,000
200.00	Service Fees	
201.00	Elevator Fees	2,550,000
202.00	Trash Chute Fees	510,200
300.00	Investment Income	
305.00	Capital Repair Fund - Bank Interest	5,100,000

Step 4: Calculate a Draft of the New Fees to Be Charged to Owners

The fourth step is to calculate the difference in the condominium fees so that the Executive Committee can see the impact on the owners and decide whether they can afford the increase or whether they need to reduce expenses. The following might be an example of how this would be presented to the Committee for consideration by those who prepare the budget.

Unit Number	Unit Owner	Old Fee	New Fee with Inflation	New Fee with Inflation and Budget Increase
101.00	Commerce Bank	510,200	586,730	680,607
201.00	City of Oradea	255,100	293,365	340,303
202.00	G. Ionescu	204,082	234,694	272,245
307.00	N. Preda	459,184	528,061	612,551

Step 5: Redraft the Budget

The budget may go through several revisions before the Executive Committee decides to accept, approve and present it and the proposed new fees to the owners.

After reviewing the proposed increased of 16 percent after adjusting for inflation and knowing each owner of the condominium, the Committee decides that everyone except

three owners can afford the increase, though they may not like it. They are going to meet with the municipality to see if some assistance can be provided to the three owners. If not, the Executive Committee is prepared to loan the fees to those owners and place a lien on the unit to secure the loan. The loan will be repaid when the owners can afford to pay or when they sell the unit.

Stage 4: Develop a Financial Plan

The final financial plan will include the budget and all other proposed actions.

For example, the Executive Committee has reviewed the proposed expense and income budget increases and decides that it will submit the budget in this form for approval. Included as part of the budget is assistance to the three owners who may not be able to afford the fee increase. Further, the Committee has concluded that the association can afford to replace eight exterior doors and make major repairs to two of the four elevators during the coming year without depleting the Capital Repair Fund.

ACCOUNTING SYSTEMS AND FINANCIAL PROCEDURES

Proper accounting systems and financial procedures are necessary in order to:

- Assure funds are adequately protected,
- assure that appropriate and necessary records are maintained, and
- assure that summary information adequately reflects the financial condition of the property.

The Executive Committee may delegate to an individual or to a committee the authority to maintain a financial management system, but it is the Committee's responsibility to see that the system is adequate and appropriate to the situation, and to the protection of the association's funds. Also the Housing Law no. 114/1996 requires that there be established an auditing committee comprised of 1-3 members who have knowledge and experience in the financial, economic or legal fields and who are not members of the Executive Committee. The auditing committee is responsible for oversight and verification of all financial activities of the association. The committee reports annually to the General Assembly.

A good accounting system and financial procedures will assure that the Committee has adequate information in its periodic financial reports about the current financial condition of the association and good historic information to use as a basis for subsequent budgets. A proper system of internal controls for handling association funds will protect those assets against inadvertent or deliberate loss. Accounting Law no. 82/1991 and Paragraph 18 of the Regulations for the implementation of this law, which was approved by Government Decision no. 704/1993, specify the legal requirements to which the accounting system and financial procedures must conform.

Accounting Systems

A process for systematically maintaining accurate cost and revenue information is important to the production of reliable information on financial status, evaluation of current budget experience and for providing a baseline for future budget preparation and decisions.

The components of an accounting system include:

A Chart of Accounts. A systematic array of categories for the maintenance of financial data and information. This list of accounts may be done on a line item basis with each major income or expense category listed separately. Another option is to lump together into one account all expenses related to that particular project, such as snow removal expenses, lawn maintenance service, lighting. The words describing the accounts must contain sufficient detail to support summary information in financial reports. A sample chart of accounts used by an American owners association is enclosed at the end of this module as an example.

Ledgers, Books, Records, Files. These are the hard copy records of financial transactions of an association which give support to the data reflected in the chart of accounts. They can be maintained in the traditional hard copy fashion with accounting books, ledgers, vouchers, etc., or these same types of reports, ledgers and journals can be maintained through a computer system. However, the files should reflect the hard copy backup of originals and support for all transactions.

Consistency and Accuracy. The primary goal of any accounting system is to achieve an accurate and consistent record of information on financial transactions. Failure to achieve these goals will result in inadequate and unreliable financial reports and poor historical data for future budget preparation.

Narrative Descriptions. The chart of accounts and the accounting records, ledgers, files and systems must be supported by a narrative description of the purpose and utilization of each component. This is particularly important with the chart of accounts in order to achieve consistency. The Executive Committee must see that a narrative description of each of the accounts and the information to be stored is prepared.

Financial Procedures

The primary goal of good financial procedures is internal control, which is a system of checks and balances to minimize risk of errors and losses resulting from honest mistakes as well as theft. The optimal level of internal control would be one in which no one person has responsibility or access to more than one function of financial operations. Though this is not achievable in most association situations, some level of that control can be accomplished in each of the major financial functions of the association.

Income Receipts and Accounts Receivable

The largest source of income for most associations is the assessment income. For each unit, be sure to maintain accurate and up-to-date monthly assessment records, whether computerized or by hand, to be able to properly administer assessment collection procedures.

Careful monitoring and record keeping measures may be necessary to keep track of assessments paid by the municipality, a developer, or others who own large blocks of units and pay for many units at once.

The distribution of common expenses comprises a large portion of assessment income. The calculation of this distribution is complex and is well defined in the housing law. Section V. of the law, which deals with this distribution is reproduced at the end of this module.

When assessments are paid at the manager's office, make daily deposits to the association's account so funds are not left in a desk drawer overnight. A cash receipts ledger should be kept of all income received.

An association should have a monthly reconciliation of its bank account statement and this should be presented to the Executive Committee.

A monthly list of outstanding money due to the association (accounts receivable) should be prepared and presented to the Executive Committee.

As explained in more detail below, the association should adopt a firm assessments collection policy and follow it.

Expenses, Cash Disbursements and Accounts Payable

The Executive Committee must establish a policy on who may incur an expense obligation on behalf of the association and how that obligation may be made. Generally, written purchase orders and contracts are the most common instruments for incurring an expense. As a rule, only Executive Committee members may issue purchase orders. If the association has retained a property management firm to manage the property, there should be limits above which the manager would have to obtain permission from the Committee in

order to exceed the limit, and/or the amount budgeted.

Invoices should be checked for accuracy against the quoted price on a purchase order or contract, and approved and counter-signed by the appropriate authority on the Executive Committee.

All invoices received but unpaid, represent accounts payable and a monthly report of unpaid invoices should be prepared which will also show how long the invoice has gone unpaid. This report should be presented to the Committee.

Proper control of cash disbursements is a critical element of financial control and should be based on an adopted policy of the Executive Committee, which should include:

Components of a Cash Disbursements Control Policy

A procedure for requesting and authorizing a payment to be made in written form.

Establish who may authorize payments and how many Committee signatures are required for approval of payments to be made.

Establish a good technique for providing an element of control in which an individual other than the one sending out payments approves the expenditure before payment is made.

Fixed Assets

In addition to financial assets, the association's Executive Committee is also responsible for maintaining and protecting major physical assets owned by the association, such as furniture, equipment, tools, etc.

An inventory should be established and updated periodically to keep a record of the existence, condition and costs of all physical assets. This is essential for budgeting the replacement reserve budget. If the association insures this property, the insurance company will need this information. This inventory should include an identification system of using serial numbers or a permanent marking system to facilitate recovery of lost property.

The General Ledger

The general ledger is the basis of accounting records for the association. The general ledger maintains, in numerical order, the information on the various accounts reflected in the chart of accounts. The various transactions throughout the month are reflected in the general ledger, from which summaries are prepared for the financial statement.

The basic supporting documents from which postings are made to the general ledger include:

- Cash Receipts Journal
- Accounts Receivable (Assessment) Journal
- Cash Disbursements Journal
- Accounts Payable (Invoices) Journal
- Payroll Journal
- General Journal

FINANCIAL REPORTS AND STATEMENTS

Periodic financial statements provide a summary of transactions and financial condition of the association and permit an assessment of the progress achieved against an approved budget. Periodic financial reports are the primary tool utilized by the Executive Committee during the course of a year to monitor performance and guide mid-year decision and adjustments.

Balance Sheet Statements

A report which gives the association's financial condition at any given point in time where the association really is in terms of its financial health and condition. It includes a comparison of the assets of the association, less the liabilities or debts of the association, resulting in a net worth or member's equity. It portrays what would happen if the association were dissolved as of the date of the balance sheet. All assets would be converted to cash, all debts and liabilities would be paid, and then the remaining balance, the member's equity, would be available for distribution. Typically, the asset accounts on a balance sheet would include any cash in the association's account, all accounts receivable, the face value of any investment vehicles, any prepaid expenses such as taxes paid in advance, fixed assets as explained above, and any other assets.

Typically, liability accounts on the balance sheet would include accounts payable, short or long term debts, accrued salaries, withholding taxes, and any other liabilities.

Income Statements

The income statement provides information about how well the association operation is going in comparison to the *current* budget, by summarizing all income and expenses during the current budget cycle. This statement is probably the most important management report for the Executive Committee and management in assessing progress and potential trouble spots as compared to the developed and approved budget and operations plan.

The typical income statement shows actual income and expenses for the current period compared to budgeted income and expenses, as well as a comparison of year-to-

date actual experience to year-to-date budgeted amounts. It is also helpful if the statement shows the percentage deviation from budget for both the current period and year-to-date.

The accounts reflected in the income statement are the major accounts for activities of the association as described in the chart of accounts developed earlier. Generally, these accounts will match the accounts (in the same order) on the association budget. For the purposes of the income statement, an association may want to combine some accounts from the chart of accounts for summary totals. For example, the chart of accounts may have separate accounts for engineers, housekeeping, and manager salaries, but the income statement may show a summary total under "personnel-salaries."

GETTING PROFESSIONAL HELP IN MANAGING FINANCIAL MATTERS

Other important financial issues facing the association are the payment of taxes and safe investment of the association's funds. With the complexities of tax laws, and new rulings and regulations, it is strongly recommended that the association seek competent professional accountants to assist it in these procedures. With the quickly changing financial scene in Romania, an experienced and well-versed accountant can be on the lookout for the most advantageous handling of association's financial affairs and corporate status, as well as protect the association from legal consequences by insuring that the books are kept in a proper fashion.

The Independent Financial Audit

The Executive Committee is handling the members' funds and an independent review of the manner in which those funds are handled and reported gives protection to the Committee and to the owners. It can assure them that appropriate financial procedures are in place and the financial statements accurately portray the financial condition of the association.

A party independent to the ongoing financial operation reviews procedures in place and renders an opinion as to the adequacy of those procedures in protecting funds and producing accurate financial reports. He produces a financial report to compare against the association's generated report to identify significant differences or mistakes. This independent audit is not intended to have as its direct purpose to find fraud or theft, but it does so only as a byproduct of the audit if such dishonesty exists.

The independent audit should be conducted at the end of a fiscal year and upon any significant change in operating conditions, such as when the developer transfers control of financial operations to the owners, as in the case of a newly constructed condominium.

Investment Policy

The Executive Committee should establish a written policy statement for handling all association funds, including savings. This policy should focus on the important

responsibilities of protecting the investments of the association against the loss of principal while endeavoring to optimize the investment income returned to the association.

Although investment options are not plentiful in Romania at the present, it should be clear that investment in risky ventures, even when recommended in a misguided effort to help the association's funds grow, should be considered imprudent, and should be specifically prohibited in the investment policy statement. A savvy and trustworthy investment counselor will be aware of the latest offerings of financial institutions which may be a safe investment vehicle for associations.

DEVELOPING ASSESSMENT COLLECTION POLICIES AND PROCEDURES

The association's Executive Committee is not only required to determine appropriate fee levels to cover the expenses in the association's budget, but must also make a good faith effort to collect delinquent assessments from homeowners.

The Executive Committee will likely use a team approach to collect delinquent fees, sharing the responsibility among themselves and the association's attorney. When an owner's account first becomes delinquent, the Executive Committee takes steps to collect the fee. If these steps do not bring results, the account is referred to legal counsel, and further steps are taken, which may include filing suit for a court judgement.

Condominium owners associations in Romania are just beginning to take these cases to court. Municipal court judges may be somewhat unfamiliar with an association's legislative authority to assess and collect fees, but case history is being made on this subject, and courts have awarded judgements to associations. When the circumstances warrant, the association should not hesitate to take this step. For condominium owners who are financially able but remain seriously delinquent in paying assessments, the threat of a legal judgement, compounded with late fees and added legal costs may be all that is necessary to get them to bring their account current as quickly as possible.

Although delinquent owners' accounts are generally charged with any legal fees the association incurs in collection attempts, owners who struggle to pay their assessments will have no easier time paying legal fees. So it makes sense to establish collection policies and procedures aimed at collecting the greatest percentage of delinquent assessments through the efforts of the Executive Committee before the account must be turned over to an attorney. The attorney will want the association to pay for these costs shortly after his services have been rendered, and the association in turn must hope it can be reimbursed by collecting from the delinquent owner.

Using Communications to Keep Delinquencies Low

Even before collection policies are adopted, the Executive Committee can help keep the delinquent assessments balance to a minimum with a good communications policy, which will be covered in detail in Module 9. Early, honest, complete and positive

communications between the Executive Committee and the owners should keep owners informed about the purpose of and any increases in assessments, and the association's policy for collecting delinquent accounts. The more owners know about the impact their assessment has on the quality of their environment and the value of their unit, the more cooperative they will be in paying promptly. This ongoing communication is especially important for Romanian owners' associations because inflation and increasing communal service expenses may require frequent budget adjustments and notices of fee increases.

Communication Tips for Keeping Delinquencies to a Minimum

Develop an effective collection policy and procedure, and give the owners an opportunity to comment on it before it is adopted.

Post or send notices to owners well in advance of the meeting where the budget will be approved.

Give owners notice of large or unanticipated expenses, even before the expense is incurred, if possible. The community newsletter is a good place to do this.

Provide new owners with orientation material to acquaint them with their obligations regarding payment due dates, amount, and the association's collection policy.

When appropriate, the Executive Committee may use direct communication, on the phone or in person with a delinquent owner to discuss collection of assessments. This personal form of communication is effective in certain conditions.

All correspondence related to collections, whether it is a first friendly reminder, demand letter, or notice of legal action, should be written in a business-like, professional style. It should include all information which the owner will need to understand why, how much, how and when the assessment should be paid, and what the consequences may be for continued non-payment.

Let us look at what an effective collections policy would include. The following is an example of an association's policy.

<p>Delinquent Assessments Collection Policy, _____ Owners' Association Adopted on _____</p> <p>WHEREAS, Article __, Section __ of the Association Agreement of _____ Owners' Association states that the Executive Committee shall have the powers and duties necessary for the administration of the affairs of the Association; and</p> <p>WHEREAS, Article __, Section __ of the Association Agreement establishes the obligation of the unit owner to pay the share of estimated expenses, based upon the adopted budget and</p>
--

proportionate to his respective percentage interest on the first of each month; and

WHEREAS, Article __, Section __ of the Association Agreement authorizes the Executive Committee to take prompt action to collect any assessment due from any owner which remains unpaid for more than 10 days from due date, and further states that the Executive Committee may impose a financial penalty; and

WHEREAS, there is a need to establish procedures and policies for the collection of delinquent assessments; and

WHEREAS, it is the intent of the Executive Committee to establish the policies and procedures for the collection of delinquent assessments;

NOW, THEREFORE, BE IT RESOLVED THAT the following administrative policies and procedures be adopted:

1. Any assessment payment not received at _____ by the first of the month shall be termed delinquent. Owners may not withhold payment of assessments due to dissatisfaction with association services.
2. A late fee of _____ shall be levied against the delinquent owner as of the 15th day of the month.
3. Management shall contact the delinquent owner as of the 15th day of the month, by hand-delivered notice or phone call.
4. A certified letter shall be sent to all delinquent owners as of the 30th day of the month stating that if the account is not paid in full within 15 days, the account will be forwarded to the Association's attorney for legal collection action.
5. The attorney will contact the delinquent owner regarding the intent to file suit in municipal court to obtain a judgement in an amount which will include the delinquent assessments due, interest at a rate of _____%, late fees, costs of attorney's fees, as well as other fees to be pursued.
6. The attorney will file suit (as explained above in #5) by the 90th day on all delinquent owners.
7. All owners who remain delinquent after 90 days will lose the following association membership privileges: _____, _____, _____.
8. Any fees paid shall be applied to the oldest outstanding debt first.

There are several approaches to designing letters sent when an owner first becomes delinquent. The following are three such notices, which might follow each other if, after the friendly reminder is sent, the assessment is still not received.

FRIENDLY REMINDER NOTICE

Date: _____

Regarding Unit No.: _____

Dear Unit Owner:

We have not received the condominium assessment for the above-referenced unit for this month. You have an excellent payment record and we normally receive your payment prior to the late charge date. Please check your records, and if you have paid, please call _____ so we can correct

any errors and locate the payment.

If you have overlooked or forgotten to pay, please remit payment before the last day of this month.

Thank you for your cooperation.

The Management

Payments may be made in person at the following address:

IMPORTANT NOTICE

Date: _____

Unit No.: _____

Dear Owner:

Please note the delinquent balance on your condominium fee account. If you have sent this amount in the last few days, please disregard this notice. The Owners Association cannot meet its financial obligations unless all unit owners pay their fees in a timely manner. The Executive Committee will refer your account to the Association's attorney if the delinquent assessments are not paid within ten (10) days of this notice. To avoid further collection actions please pay the balance due immediately. In the event your account is referred to legal counsel, you will also become responsible for legal and collection costs incurred. If the amount in question does not agree with your records, please call _____.

Total Condominium Assessments Due: _____

Total Late Fees Due: _____

Regards,

The Management

Payments may be made in person at the following address:

LATE PAYMENT NOTICE

Date: _____

RE Unit No.: _____

Dear _____:

In accordance with Article___, Section___ of the Owners Association Agreement, and the Association's Approved Assessments Collection Policy, all payments not received by the due date are subject to a late fee in the amount of _____ and an interest charge of the unpaid balance at an annual percentage rate of ____%.

Our records show that your monthly assessment for the month(s) of _____, _____ has not been paid. Therefore, the late fees and interest as described above have been assessed against your account. The total due now is _____.

As an owner in _____ Owners Association you have a legal obligation to pay the assessment on or before the first of each month. The Executive Committee is required to collect the assessments from owners, and to take firm legal steps as necessary with delinquent owners.

Please submit your payment for the balance due no later than _____ to avoid legal action and the additional expense of legal fees on your account.

Sincerely,

The Management

Please remit your payment to (address): _____

Any collections policy should not be so restrictive as to prohibit the Executive Committee from allowing owners to make payment arrangements to bring their account up to date, when the Committee determines that the circumstances warrant it. The Committee should weigh the potential incurred for collecting legal fees against the potential to collect the assessments through payment arrangements with the owner. Even after the account has been referred to an attorney, payment arrangements may be made through legal counsel, and thus avoid some court costs if legal counsel deems it advisable.

When there are several months assessments due, as well as other charges on the account, be prepared to give the unit owner a good breakdown of the charges in written form. A sample *Statement of Account* is enclosed at the end of this module.

Referring the Account to the Attorney

After the case has been referred to an attorney, the Executive Committee should not negotiate with the owner. This can lead to confusion and unnecessary legal fees if the attorney is in the middle of negotiations and the owner works out a different deal with the Executive Committee. After an account is referred to an attorney, all payments should either be made directly to the law offices or, if pre-arranged with the attorney, they may be made to the association but with immediate notification to the attorney.

Legislation in some countries and local jurisdictions allow for condominium owners associations to use other remedies, which may be considered in Romania where legislation does not prohibit their use. They include placing liens on a unit so the owner cannot sell the unit until all condominium fees are paid; foreclosing on the unit; and the acceleration of fees. To describe how the acceleration process works, associations' Association Agreements and collection policies may include language stating that unit owners actually owe their proportionate share of assessments for an entire budget year, and are given the privilege of paying monthly installments only if they pay promptly. If they become chronically delinquent, the association will have the right to *accelerate*, that is to demand the full remaining years assessment amount to be paid immediately.

The association attorney should provide the Executive Committee with a monthly report of all actions being taken, and the dates they have been taken, to assure the association that collections are being followed up on promptly. A sample collections summary from a law office is attached at the end of this module.

The association should also be ready to provide the attorney with regular updates of all delinquent accounts. These updates should include at a minimum the unit number, owner's name, the monthly amount due, date of last payment, ending balance, and a breakdown of any late fees assessed, interest or other charges. It is also a good idea to advise how many times the owner has been late.

IN CONCLUSION

It is the association leadership's obligation to understand and effectively utilize any remedies available in developing and enforcing uniformly an assessments collection policy to ensure the financial health of the association. Although legal actions are sometimes necessary, good communications, consistent enforcement and good follow-up by the Executive Committee will help keep serious delinquencies to a minimum.

SAMPLE

CHART OF GENERAL LEDGER ACCOUNTS

Assets	Account no.
Cash on Hand (petty cash)	1000
Cash in Bank, Operating Account	1001
Cash in Bank, Tenant Security Deposit Account	1002
Cash in Bank, Operating Reserve Account	1003
Cash in Bank, Reserve for Replacement Account	1004
Accounts Receivable	1006
Pre-Paid Expenses	1007
Fixed Assets - Equipment and Furnishings	1008
Fixed Assets - Building	1009
Fixed Assets - Land	1010
(Less Depreciation of Equipment, Furnishing and Building)	
Liabilities	
Accounts Payable	1500
Short-Term Notes Payable	1501
Long-Term Notes Payable	1502
Mortgage Payable	1503
Capital (Owners' Equity or Net Worth)	
Owners' Equity	2000
Income	
Assessment Income (Gross Potential - as if all owners paid their assessments)	3000
Rent - Commercial Owned by the Association	3004
Rent - Furniture, Appliances, Equipment	3005
Rent - Residential Units Owned by the Association	3011
Rent - Parking Space or Garage	3013
Interest Income - Operations	3020
Interest Income - Reserve for Replacement Account	3030
Other Income	3050
Laundry Income	3051
Late Charges	3052
Communal Services Charges	3053
Returned Check Fees	3054
Legal Fees (Reimbursed by Owners)	3056
Miscellaneous Revenue	3057
Expenses	
Administrative	

Office Salaries	6030
Office Expenses (Materials, etc.)	6035
Office Rent	6040
Management Fee	6045
Manager's Salary	6050
Rent for Manager's Apartment	6055
Legal Fees	6060
Auditing Fees/Tax Return Preparation	6065
Accounting/Bookkeeping Fees	6070
Computer Services/Supplies	6075
Telephone	6080
Bad Debts (Uncollectible Amounts Written Off)	6085
Employee Training	6090
Miscellaneous Administrative Expenses	6100
<i>Utilities</i>	
Heating Hot Water	6205
Fuel (Oil/Coal)	6210
Electricity	6215
Water	6220
Gas	6225
Sewer	6230
<i>Operating and Maintenance Expenses</i>	
Janitor and Cleaning Payroll	4010
Janitor and Cleaning Supplies	4015
Janitor and Cleaning Contract	4020
Exterminating Supplies	4025
Exterminating Contract	4030
Garbage Removal	4035
Security Payroll	4040
Security Contract	4045
Grounds Payroll	4050
Grounds Supplies	4055
Grounds (Landscaping) Contract	4060
Repairs Payroll	4065
Repairs Supplies	4070
Repairs Contract	4075
Elevator Maintenance/Repairs	4080
Elevator Service Contract	4085
Heating/Air Conditioning Repairs	4090
Snow Removal	4100
Painting/Decorating Payroll	4210
Painting/Decorating Supplies	4215
Painting/Decorating Contract	4220
Vehicle and Equipment Repair	4300

Uniform Expense	4400
Miscellaneous Operating Expenses	4500
 <i>Taxes and Insurance</i>	
Real Estate Taxes	5010
Employee Payroll Taxes	5015
Miscellaneous Taxes, Licenses, and Permits	5020
Building and Liability Insurance	5025
Fidelity bond	5030
Worker's Compensation Insurance	5035
Employee Benefits	5040
Automobile Insurance	5045
Other Insurance	5050
 <i>Financial</i>	
Interest on Mortgage	7100
Interest on Notes Payable	7110
Mortgage Service Charge	7115
Miscellaneous Financial Expenses	7120

PREPARED

STATEMENT OF ACCOUNT

*East European Regional
Housing Sector Assistance Project*

SOCIATION NAME: 120

UNIT NO.: I

MPLETE NAME AND UNIT ADDRESS OF

AND CO-OWNER(S)

HOUSING LAW NO. 114/1996

METHODOLOGICAL NORMS FOR THE IMPLEMENTATION OF THE HOUSING LAW

V. THE DISTRIBUTION OF THE COMMON EXPENSES

(The distribution of common expenses comprises a large portion of assessment income. The calculation of this distribution is complex and is described in detail in this section of the Methodological Norms, reproduced here for reference purposes.)

57. The expenses related to the maintenance and repair of the structure and common systems of the building are distributed proportionally with the ownership share of each unit as described in the ownership documents adopted by the General Assembly. (Included are laundries, drying rooms, stairwells, basement, terrace, roof, attic, elevator, heating stations, incinerators and other such components.)

Those parts of the building and systems considered to be common are those established by the foundation document of the condominium, as modified by decisions of the owners' association adopted pursuant to the law.

The expenses that are related to personnel hired by the association, including cleaning personnel, as well as expenses related to consumable materials used, shall be distributed to apartments according to the number of persons residing in each apartment, except for the expenses representing compensation of a stoker for the winter period, which will be allocated by the ownership share of each unit.

The expenses for maintenance, repairs and replacement of the TV central antenna are divided in relation to the number of TV outlets in each apartment. Expenses for mail boxes and for keys to the common entrance doors are divided according to their respective numbers.

In buildings where there are nonresidential spaces and/or residential spaces used for nonresidential purposes, expenses will be allocated in a different manner from the residential allocation in accordance with agreements to be negotiated each year with the owners/users of these spaces.

Expenses related to residential units, determined after deducting from the total amount those expenses allocated to the nonresidential spaces, will be allocated as described above.

58. Expenses for water consumption and sewerage in conformity with the invoices presented by the suppliers of these services, and as accepted by the association, will be allocated proportionally to the number of persons living in the building.

In cases where the invoice totals include expenses for water consumption in nonresidential spaces, these expenses will be allocated in accordance with the annual agreements negotiated with the owners/users of these units.

Expenses for water consumption and sewerage related to residential units, determined after deducting from the total amount the expenses related to the nonresidential uses, are allocated to each apartment pursuant to the first paragraph above.

In exceptional cases, in the absence of metering equipment for water consumption, consumption is determined pursuant to legal provisions for each type of consumer.

When allocating expenses for water consumption and sewerage to units which use common baths or showers, the allocation shall be half that which it would be if the units were equipped with baths and showers, and there were no sharing.

If the condominium has only common baths and showers for all the units, the expenses will be allocated in proportion to the number of persons that live in the building, counted by apartment.

Car owners that use water from the pipes supplying the building for the maintenance of their cars, if there is no prohibition in this regard, will cover the expenses for water and sewerage. These expenses, which are to be calculated based on charges established pursuant to the law, will be deducted from the total amount of water and sewerage expenses for the building. The balance will be allocated in accordance with the preceding paragraphs.

59. The expenses for garbage and waste collection, as well as for emptying the septic tank, are allocated proportionally to the number of persons living in the building.

In the case of buildings where there are also nonresidential spaces and nonresidential uses, the expenses of waste collection are split distinctly between residential and nonresidential according to agreements negotiated each year with the owners/users of the nonresidential spaces.

60. The consumption of electric energy related to the common parts of the building, which is measured by meters installed separately from those of the units, is allocated proportionally with the number of persons living in the building.

In exceptional cases where the consumption of electric energy for the common areas of the building is not measured separately from that in units inhabited in common by one or more families, the cost of the consumption attributable to the residential uses will be determined based on standards established according to the law, taking into consideration the equipment used in each case (number of bulbs and electrical household equipment such as: irons and washing machines, radio, TV, refrigerators, etc.); the sums determined in this way shall be deducted from the total expense of the registered consumption of electric energy, and the remainder, which represents the expense for the common areas,

will be allocated to the holders of the units in proportion to the number of persons.

In buildings where there are also nonresidential spaces and uses, the share of expenses will be agreed upon by annual negotiations with the owners(users) of these spaces.

61. The expenses related to the heating energy supplied through the heating stations or central heating centers or by other suppliers are established by the tariffs billed by the supplier.

Expenses for central heating provided by the heating stations and used directly by the units in the building include: the cost of the fuel (coal, oil, gas, etc.), the cost of transporting fuel to the center, the expense of removing the residuals of combustion, the electric energy consumed for the functioning of the central heating installations and the illumination of the rooms where these are located, the cost of the equipment for the fire men working at the heating stations, the allowance for their wages, including the contribution for social security, the cost of materials necessary to keep the heating stations clean, and the cost of water used.

In case more than one building is connected to a heating station, the total expense for heating all of the buildings is allocated to each building in proportion to the thermic equivalent surface (determined in accordance with the law) of all heating elements (pig iron or steel radiators, convectors, convector-radiators, pipes and non insulated columns, etc.) with which the building is equipped in accordance with technical design norms.

The expenses for heating the units, as well as those for heating the common spaces in a building (the stairwell, the corridors, the laundries, the drying rooms, the halls, etc.) are allocated to each unit in proportion to the ownership share attributable to that unit in the ownership documents.

If the owner of a unit modifies the radiant surface in his unit his share of the contribution to the heating expenses shall be recalculated, taking into consideration the index of modification of the initial radiant surface.

If in the building there are spaces used for non residential purposes, heating expenses are to be split distinctly between residential and nonresidential spaces according to agreements negotiated each year with the owners/users of the nonresidential spaces.

62. The expenses for hot water consumption are allocated to owners according to the number of persons that live in the building.

In the case of buildings where there are non-residential spaces or residential spaces used for non-residential purposes, the expenses for hot water consumption are to be split distinctly between residential and nonresidential spaces according to agreements negotiated each year with the owners/users of the nonresidential spaces.

63. The expenses related to gas consumption for heating stoves, in the event there is no measuring equipment for the gas, for each apartment or room comprising a part of the common area will be allocated to the units in proportion to the respective ownership shares of the units, as registered in the ownership documents.

The expenses related to the consumption of natural gas for food preparation and for the common laundries, if there is no measuring equipment for the consumption by each apartment, are to be allocated to each unit in proportion to the number of persons living in the building.

In buildings where the gas consumption for kitchens and laundries is registered on the same meter that measures the heating consumption, the amount related to the kitchens and laundries is established based on standards determined by law and is deducted from the total consumption of the building, the balance being considered as representing the heating consumption.

In buildings where there are also non-residential spaces or residential spaces used for non-residential purposes, the expenses related to gas consumption are to be split distinctly between residential and nonresidential spaces according to agreements negotiated each year with the owners/users of the nonresidential spaces.

The provisions regarding the kitchens and the laundries shall be applied in similar fashion in the case of ovens and other similar uses.

64. Expenses related to electric energy necessary for the functioning of the water pumps used by the owners' associations are allocated proportionally with the number of persons that live in the building.

65. The expenses related to the electric energy necessary for the functioning of the elevators are allocated proportionally with the number of persons that live in the building.

Usually the persons that occupy apartments located in the basement, semi-basement, ground floor and mezzanine do not participate in covering the elevator expenses.

MODULE 6

DEVELOPING AND ENFORCING RULES

SESSION OBJECTIVES

Learn how the Executive Committee develops and adopts reasonable rules which will preserve and enhance residents' quality of life and protect and enhance the value of the property.

Learn how to obtain the greatest possible cooperation from owners in obeying rules.

Learn procedures for dealing with those who violate rules, from the friendly reminder, to an official hearing before the Executive Committee.

OVERVIEW

Every owners' association will have its own unique set of characteristics, not only the physical aspects of the building, but where it is located, and what the demographics of its residents are. Some associations have a large parking lot, or playgrounds for children, or a forest nearby for recreation or walking the dog. Some associations have a large number of children, some have many working adults who own cars, some have a large population of pets in the building. Securing a peaceful living environment and an attractive building and grounds may require different measures depending upon what unique characteristics exist in your association.

The policies and requirements in the Association Agreement may give the owners' association direction on how to govern or manage the association, but it usually does not offer owners and residents the day to day rules they need. One standard set of rules would never be good enough for all associations to adopt because of the unique circumstances in each association, and the varying opinions one General Assembly would have from another one regarding what is important to them.

WHO PLAYS A ROLE IN RECOMMENDING NEW RULES?

The people most likely to know what issues may be resolved with a reasonable rule are those who are in and about the condominium property on a regular basis. An Executive Committee often has one member who is active every day handling owners' association business (often the Committee chairman who also works as the manager). Or the Committee may have hired an on-site manager who recommends that the Committee consider a rule. These people see activity in the building at all hours of the day and evening, and they will have more information about what is really at the root of problems.

But in addition to those who manage the property, the Executive Committee can also learn what rules are needed by listening to the concerns of residents. The Executive Committee must be sensitive to the owners' right to enjoy their unit and the common areas to the greatest extent possible without interfering with the rights of others. For example, if the Committee is receiving many complaints about pets running loose in the hallways, or cars being parked on the sidewalks, they will probably consider a new rule to improve the situation.

Some Executive Committees go so far as to establish a "Covenants Committee" or "Rules Committee" whose mission may be any or all of the following:

- To conduct an overall investigation of the need for rules and develop a draft of the association's first rules for the Executive Committee to consider.

- To implement rules enforcement procedures.

- To do preliminary investigation on a specific problem such as pets, and draft a rule for the Committee to consider.

- To investigate the validity of rules violation complaints and report back to the Committee.

A word of caution about establishing such a committee: This type of committee can appear overbearing or dictatorial and may cause hard feelings among owners if it does not receive very clear instruction from the Executive Committee, in advance, on its duties, its limitations, and its responsibility to treat people courteously and professionally at all times.

HOW TO ADOPT RULES

The need to establish rules for apartment living is not something many people have to be convinced of. When people live close to one another and share common facilities such as in an apartment building, it soon becomes apparent to everyone that some rules are needed in order to maintain a peaceful and harmonious lifestyle for everyone and to keep the common areas in good condition for everyone to enjoy.

Many new owners' associations in the United States and elsewhere start out with a basic set of rules, often titled "Use Restrictions for the Common Areas." This very generic set of basic rules is sometimes provided by the developer of the building. A sample of one such set of "beginning rules" for an association is included at the end of this module. These rules may not be custom tailored to the needs of the building, and the Executive Committee may pick and choose from the rules, amend some of them or add others, and it is this improved version of rules that is often presented to the owners for their opinion and then adopted by a vote of the Executive Committee.

But whether you are adopting a complete set, or only a few rules to address specific problems, there are some good guidelines to follow before adopting rules, which when followed, will lead to better cooperation by owners in complying with the rules.

Steps to take before adopting new rules:

1. Whether considering one rule or a whole set, give each proposed rule the "test of reasonableness." This is done by asking certain questions:
 - (a) Is it likely that owners will be able to comply with the rule? For example, if pets in the building cause damage, some may suggest a new rule banning pets. But pets have already become important family members for many owners, and it is unlikely that many of these owners will be able to, or willing to find new homes for their pets. Even if every owner would vote that new owners moving in should not have pets, the most reasonable approach may be to allow pets which existed before the rule to remain.
 - (b) Is the rule too drastic in scope? For example, if everyone agrees that the building would look much better if people did not store so much on the balconies, it may be too drastic to ask people to remove everything from balconies, knowing they have very little space inside their unit. Some condominiums with this problem decide instead to allow certain items to be stored, such as bicycles, but require that nothing be kept on the balcony which is higher than the balcony rail.
 - (c) Is the rule designed to benefit the majority of owners? Make sure the rule you are enforcing is not directed at only a select number of owners.
2. Notify owners in writing well in advance that the Executive Committee is considering the adoption of the rule, and give them a copy of the proposed rule(s) as well as an explanation of why the rule is being proposed, what problem the new rule will address. Of course, sometimes rules are proposed to prevent situations from becoming a major problem.

Here is an example of a notice to owners regarding the Executive Committee's desire to establish a rule regarding bicycles:

Dear Owners and Residents:

Our community is filled with many children and adults who love to ride bicycles. We are pleased that there are many paths near our building which make bike riding both convenient and enjoyable. But many times bicycles are left leaning against the bushes, or on the sidewalks around our building. This has led to stolen bikes, some angry owners who trip over the bikes while walking home, and they do not do the nice shrubs much good, either.

We realize that sometimes it is very inconvenient to take your bicycle back to your apartment if you ride it every day. Therefore we are installing three bike racks which your bike can be locked to. We want to keep the exterior of our property looking the best it can be, and keeping your bikes stored either on the bike racks or in your apartment will help. Therefore, we are also proposing a new rule with this requirement:

"No bicycles may be kept on any of the common areas. Bicycles may be kept locked in the bike racks or returned to your apartment after you are finished riding."

This Rule will be discussed at the next Executive Committee meeting and may be adopted by a vote of the Committee. You are encouraged to provide a written comment in advance of this meeting, or attend the meeting and express your opinion at the open forum.

Sincerely,

The Executive Committee

This step, notifying the owners and giving them a chance to comment is a critical element in gaining their cooperation later. People are much more likely to cooperate when they have had a voice in decision-making.

RULES ENFORCEMENT PROCEDURES

Why do people fail to comply with rules? Surprisingly, they often did not know about the rule, or did not understand the impact they had in violating the rule. So, communication is the key to cooperation. You will learn more about this in the communications session, but for now remember four key steps to good communication.

- Communicate Early
- Communicate Honestly
- Communicate Completely
- Communicate in a Positive Manner

The first step, therefore, is to communicate either in person or over the phone with a

friendly conversation, explaining the problem, why it is a problem, and listening to their side of the story.

Many times this is all that is needed. But do it early, and never in anger.

USE DUE PROCESS

Treat every person who violates a rule in the same manner, with the same due process procedures:

Communicate in person.

Send a friendly reminder letter, but the letter should give a deadline by which they remedy the situation or no longer are in violation.

If after the deadline they still violate the rule, send a letter explaining that it may be necessary to have a hearing before the Executive Committee if they continue to violate the rule after a certain date. If your association has established fines for rules violations, notify them that they may be assessed the fine.

Send them a notice of the hearing before the Executive Committee. Tell them what their rights are, that they will be able to tell their side, and the hearing will be in private. The Committee will make a ruling after the hearing, and the owner will be notified of any fines or sanctions.

Schedule the hearing with the Executive Committee. Make sure the Committee follows a consistent agenda for all hearings, treating everyone in a consistent manner. The agenda must include opportunity for the owner to state his case.

Follow up promptly with the owner in violation after the hearing. Put the results of the hearing in writing to the owner.

Of course, keep a copy of all letters, and a record of all conversations you had with the owner.

Such a due process policy is attached to the end of this module. Keep in mind that rules violations may be pointed out to the Executive Committee not only by their own observations but by a concerned resident. Many due process procedures in owners associations have report forms for owners to complete when they see another owner violating a rule, and consider it important enough to report. It is important for the responsible Executive Committee member handling this to be the go-between, and prevent owner/to/owner confrontations. It should be handled on a professional level.

SAMPLE

USE OF UNITS AND COMMON PROPERTY

Relating to General Rules of Conduct and
Use of Units and Common Property

I. DAILY USE OF UNITS

- A. Residents must exercise due consideration at all hours in the operation of radios, televisions, musical instruments, or any other items to ensure that the sound will not disturb others.
- B. Unit doors opening into the public halls must be kept closed and secured at all times except when in use. Windows and balcony doors must be kept closed during heating season when a heating unit is in use.
- C. Draperies, curtains or window coverings must be installed on all windows of a unit and must be so maintained thereon at all times.
- D. The water closets and other water and sewer apparatus shall be used only for the purpose for which designed, and no sweepings, matches, rags, ashes, diapers, or other improper article shall be thrown therein. The cost of repairing any damage resulting from misuse of any such apparatus shall be borne by the unit owner responsible for such damage.
- E. No gasoline or other explosive or inflammable material may be kept in any unit.
- F. Except for the commercial units, and except for such reasonable, temporary, non-residential uses as may be expressly permitted in writing by the Executive Committee, all units are to be used for residential purposes only.

II. OCCUPANCY

All unit owners and lessees are obligated to provide the Association with the following information:

- 1. The address and telephone number of each occupant's place of business, if any, and similar data on persons to be notified in emergencies.
- 2. The current license number and description of each vehicle which will be kept on the common elements. This information shall be kept up-to-date at all times and shall be verified at the time facilities passes are issued or renewed.

III. STORAGE

The assigned storage bins must be kept locked at all times. ***Storage in these bins is strictly at the user's risk.*** Nothing may be stored in any storage bin or unit that will create a fire hazard or which is in violation of applicable local laws and regulations. Emergency or repair situations may dictate that personnel be provided access to the storage bins from time to time. A storage bin key must be deposited with the Association for such emergency use. Should the lock on a storage bin be changed, a working copy of the key to the new lock must be provided to the Association for emergency use. Storage is not permitted in common areas other than designated storage bins. Should an employee of the Association at the request of a resident move, handle or store any articles in storage rooms or remove any articles therefrom, then, and in every such case, such employee shall be deemed the agent of the resident. The Association shall not be liable for any loss, damage or expense that may be suffered or sustained in connection therewith.

IV. GUESTS

Any resident who permits guests to occupy his unit during his absence, must register the name, permanent address, and vehicle information of such guests with the Executive Committee in advance of such occupancy.

V. SOLICITATIONS

Door-to-door solicitation of any kind, whether by residents or otherwise, is prohibited. Placing of materials under unit doors, except for Association-related materials, is prohibited without the express written permission of the Executive Committee. Violations should be reported at once to the Executive Committee office.

VI. TRANSFERS AND LEASES

Unit owners may transfer or lease their units subject to the following requirements:

- A. No unit shall be rented for any period of less than six (6) months.
- B. All leases shall provide that the right of the lessee to use and occupy the unit shall be subject and subordinate in all respects to the provisions of the Statute, the Association Agreement, and any other Rules and Regulations.
- C. A unit owner who leases his unit shall, promptly following the execution of any such lease, forward a conformed copy thereof to the Executive Committee at least ten (10) days prior to occupancy by the lessee, and the lessee shall give the Executive Committee ten (10) days written notice of the date of the move-in. The Executive Committee must be notified of any continuation, extension, renewal or termination of the lease at least fifteen (15) days prior thereto.
- D. Any sale or lease of any unit must conform fully to the Statute, the Association

Agreement and other Rules and Regulations established by the Owners Association. Upon change of occupancy, a notice of occupancy must be completed and delivered to the Executive Committee ten (10) days prior to such occupancy, on forms provided by the Executive Committee, including but not limited to information on the prospective owners and pets.

VII. MOVES AND DELIVERIES

- A. No move-in or move-out of any unit may be made until a written permit for that purpose is obtained from the Executive Committee, which is authorized to prohibit any moves for which such advance arrangements have not been made. For purposes of this resolution, a move-in or move-out is defined as an activity which necessitates locking off or unduly obstructing the use of an elevator for more than a single trip into or out of a unit.
- B. Move-ins, move-outs, and movements of large or numerous items are restricted to the hours between 9:00 a.m. and 5:00 p.m., Monday through Friday, excluding national holidays. **No moves are permitted on weekends and State holidays.**
- C. Only one elevator may be used for moving at any time. Elevator pads must be installed prior to any move-in or move-out. Loading and unloading of household possessions shall be by means of the loading dock only.
- D. Permission for the delivery or removal of large or numerous items must be obtained from the Executive Committee in advance in order to avoid conflict with pre-scheduled move-ins and move-outs, and to ensure the installation of elevator pads.
- E. All move-ins, move-outs, deliveries or removals shall be made at the loading dock. Each resident assumes the responsibility to advise anyone making pick-ups or deliveries to use the loading dock.
- F. The Association, its employees or agents assume no responsibility for articles accepted on behalf of individual residents.

VIII. USE OF COMMON PROPERTY

- A. The lobby, elevators, hallways, stairways and garage shall be used only for the purposes intended and to which they are reasonably suited. These areas shall not be used for playing or loitering. Storage of any items is prohibited on the common elements except for limited common element storage areas. Skates, skateboards, and the like must be hand-carried inside and bicycles must be walked inside the building. Pedestrian and vehicular ways shall not be obstructed.
- B. The parking lots and driveways are for the use of motor vehicles only.
- C. All persons shall be properly attired when appearing in any public space of the condominium.
- D. All garbage and trash must be placed in the trash rooms in appropriate containers and no garbage or trash shall be placed on the floor or elsewhere on any common element.
- E. The planting of plants, flowers, trees, shrubbery, and crops of any type is prohibited anywhere on the common elements without the prior written consent of the Executive Committee, as appropriate. No fences may be erected around or on the common elements.
- F. The feeding of birds or animals of any kind is prohibited anywhere on the common elements without the prior written consent of the Executive Committee.

USING DUE PROCESS WHEN ENFORCING RULES

The key is to be consistent in the handling of all potential rule violators.

1. Rule violations may be reported by condominium staff, Executive Committee members, or owners/residents who observe them.

When owners wish to report a violation by another owner, they should put it in writing. The Association may wish to provide a form for this use, and it would contain:

The date the complaint is made

The complainant's name, address, and phone number

The date the violation occurred

A description of the violation

The unit number where the violation occurred or the unit number of the persons allegedly committing the violation

The complainant's signature.

2. Communicate with the owner in person or over the phone. Explain what rule is being violated, why the rule is in place, and ask his cooperation in complying with the rule. Make a note in the unit file of this conversation and the date. If he agrees to cooperate, follow up in a few days to make sure he has.
3. If the owner continues to violate the rule after one week, send a letter which gives him a deadline to correct the violation, and explain in the letter that a hearing may need to be scheduled with the Executive Committee if the violation is not abated.
4. After the deadline has passed, and the violation continues, schedule a hearing and send a notice of hearing to the violator. Explain the possible fines and sanctions which may occur. The owner is invited to attend the hearing and present his side of the story. A sample hearing letter is attached.
5. Promptly after the hearing (whether or not the owner attended the hearing), notify the owner in writing of the Executive Committee's decision at the hearing.

SAMPLE OF FIRST WRITTEN NOTICE OF RULES VIOLATION

Date: _____

Dear _____:

Yesterday, the maintenance staff was caulking the windows of your unit on the exterior, and noted the following conditions which need to be corrected:

broken kitchen window pane (one section of glass missing), flammable liquid (gasoline)
being stored on your balcony.

Enclosed is a copy of the Association's rules and regulations which explains that flammable liquids may not be stored on balconies. Also enclosed is a copy of the page from the Association Agreement which explains that the window panes are a part of your unit and are your responsibility to maintain.

We will appreciate your cooperation in correcting these conditions. The broken window causes significant loss of energy, and the stored gasoline is a serious fire hazard to all residents.

Management will reinspect your unit on _____, to be sure all problems have been resolved.

Sincerely,

Management

SAMPLE HEARING NOTICE

Dear _____:

On _____, 199____, a violation letter was delivered to you identifying the need to remove several hazardous items from your balcony. As of the date of this letter, it has not been done. Therefore, a hearing will be held before the Executive Committee to determine whether a fine or suspension of voting rights shall be imposed for this alleged violation.

The hearing will be held on _____ at _____ o'clock, at _____.

The violation: Rule No. 6 from the Association Rules and Regulations.

No person shall store hazardous or flammable materials on any common element, or limited common element, including, but not limited to, any balcony or patio.

Since the first violation letter was given to you on _____, the Executive Committee has reminded you verbally to remove the stored items on the balcony. If all the items discussed are removed prior to the hearing date, the hearing will be canceled.

You are invited to attend the hearing and produce any statement, evidence, or witnesses on your behalf.

Date of Letter

Chairman, Executive Committee

MODULE 7

DEVELOPING THE MANAGEMENT PLAN

MODULE OBJECTIVES

Demonstrate purpose and benefits of good planning in an Owners Association.

Learn the Process of Long-Term Planning through a Planning/Goals Session; identify the roles of the Executive Committee, Owners, and Management in the process.

Development of the final product of the Planning/Goals Session: a comprehensive Management Calendar of Events.

OVERVIEW

The purpose of this session is to provide the procedures for conducting a management planning session in an owners association, and for creating a comprehensive Calendar of Events for the Executive Committee and other volunteers or management staff to follow.

PLANNING SESSIONS

Management is defined as "the process by which individuals and group efforts are coordinated so as to achieve pre-determined goals." As an organization, an owners association must establish and understand its goals in advance and have a plan to direct all effort toward achieving the goals, if it is to fulfill its mission.

The first task of a governing body of any organization is to establish goals, outline the policies that will be the guidelines to accomplish the goals, and approve procedures and tasks that will carry out the policies. This is known as the planning process.

The Executive Committee is the association's governing body with the authority to initiate and lead the planning sessions which will be introduced in this session.

Establishing the standards for services, setting goals, and then adopting policies and tasks to reach the goals these are the elements of good planning, and a team effort is required to achieve the best results. The team consists of the Executive Committee, any management staff and the owners.

The Executive Committee's commitment to a system of good planning including input from owners helps the Committee and/or management carry out its duties and increases trust and cooperation from owners.

Input from the owners gives owners a voice in decision-making, and helps assure the Executive Committee that the standards set for services will meet the owners' expectations.

Follow-through of the plan, seeing to it that the tasks on the Planning Calendar are performed, keeps the owners' association moving toward reaching its goals.

Information Gathering

To develop a management plan, certain information must be gathered beforehand, so that the Executive Committee is aware of what issues need to be addressed. The management plan should be a blueprint for implementing the maintenance plan, maximizing revenues and minimizing expenses, and for handling administrative issues or problems. Information on every aspect of the owners' association must be gathered so the Executive Committee can begin to develop priorities. In addition, should the association ever consider hiring a professional property manager to manage the association's day-to-day operations, this information will be invaluable to whoever is hired.

Building Survey

As discussed in Module 3: Facilities Maintenance, it is the owners' association's responsibility to maintain the physical integrity of the association's assets, namely the building, its systems, and equipment. The Executive Committee or independent property manager usually conducts a thorough survey of the interior and exterior of the building's common property to determine its physical condition (a sample building survey form is provided in Module 3).

The building survey, other than serving as the basis for a maintenance plan, can help the association establish its overall priorities, because it indicates the areas in which the building is physically sound, while highlighting the building's physical deficiencies. For instance, if the building's heating system is very old, and has required expensive repairs in the last year or two, addressing the heating system might be one of the priority areas which the association may wish to address in the management plan.

Establishing the Association's Financial Baseline

In order to develop a management plan and determine the priority issues to be addressed in the plan, the Executive Committee must have a clear picture of the association's financial situation.

To do this, the Executive Committee should look at the budget and determine if it is realistic, or more specifically, whether or not the association will be able to adhere to it. If it appears that the association's budget is not realistic, the Executive Committee must determine why this is the case. In addition, the Executive Committee must decide if the entire budget needs to be revised, or if only one or two line items are affected. In order to

make these decisions, the Executive Committee must compare the budget to the actual income received and expenses incurred.

Going through this exercise will give the Executive Committee valuable information about the financial health of the association, and will determine if the Management Plan should address particular financial issues.

In the following section (Determining administrative problems) there is a list of administrative issues which may or may not be considered priority items to be addressed in the management plan. For instance, how would the Executive Committee know whether or not its procedure for collecting association assessments should be addressed in the management plan? The association may not be able to pay its bills, even if the budget appears to be reasonable and expenses are in line with those projected. A possible reason for this is that some of the unit owners are not paying their assessments. If this is the case, the Executive Committee would probably want to address the situation in the management plan.

Likewise, if fee collection was a problem in the past, but a new collection procedure had been put into place and delinquencies decreased, the Executive Committee would know that this issue does not need to be considered a priority.

Identifying Administrative Problems

The administrative aspects of operating an Owners Association are discussed in Module 2: Property Management. Administrative issues generally overlap with maintenance and finance. Maintenance and finance each have administrative components, such as record keeping and correspondence.

If the association has administrative problems which are preventing day-to-day operations from running smoothly, the association will want to address these items in the management plan. Such problems might include the following:

- Improving collection of monthly association assessments

- Finding more effective ways of dealing with delinquent payers

- Improving the way in which the Executive Committee communicates decisions to the unit owners

- Ensuring that unit owners' concerns are effectively communicated to the Executive Committee

- Improving the association's record keeping in order to facilitate budget preparation

- Instituting a reporting procedure to better inform the Executive Committee about

maintenance issues

The Executive Committee should periodically review its administrative procedures to determine if there are any areas which may need improvement, such as those listed above. If there are problems which have an extremely negative impact on the association's operations, these may be items which deserve priority in the management plan.

Preparing Lists of Questions Regarding Aspects of Association Operations

Before the Executive Committee is in a position to establish priorities, it must gather information regarding the areas described above: the physical condition of the building, the association's financial position, and administrative issues or problems. What can the Executive Committee do to analyze the information obtained?

In order to perform an analysis of each of these areas, the Executive Committee needs to ask certain questions. The answers to these questions will aid the Executive Committee in establishing priorities to be addressed in the management plan.

Below are sample questions the Association might ask to help in the identification of priorities.

Questions regarding the building's physical state

Does the building have any problems which are of an emergency nature?

Does the association have the funds to address these problems?

Are there any interim solutions to the building's physical problems which might be less expensive?

Are there any repairs or renovations which might end up saving the association money in the long run? If so, what would be the relative costs/benefits of doing this work?

Are the physical problems of the building as important or more important than its administrative issues and/or financial problems? If not, how long would it be safe to wait before addressing these physical problems?

Questions regarding the association's financial state

Are the association's expenses in line with those projected in the budget? If not, why?

Are the association's revenues in line with those projected in the budget? If not, why?

Is the budget realistic, or does it need to be revised?

Are the homeowners paying their assessments on a timely basis?

Questions regarding administration of the association?

Is there an adequate procedure in place for collecting assessments from the homeowners and dealing with delinquent payers?

Are the unit owners aware of the association's policies and procedures?

Is there a policy in place for dealing with unit owners who violate the rules?

Does the association have a record keeping system? Is it maintained? Is it adequate?

Does the association ensure that information regarding maintenance and finance is periodically reported in a systematic fashion?

Developing Recommendations for Association Operations

In order to develop recommendations for association operations and solutions to problems, answers to questions such as those listed above must be determined. Once answers are identified, solutions to potential problems can be identified as well.

For instance, if it is determined that the association's filing system is inadequate, what could be done to make it adequate? There are probably several ways in which this could be done, such as:

Establishing a file for each unit in the association.

Establishing a chronological file of outgoing correspondence, and one for incoming correspondence.

Establishing a file for each service provider, as well as for various building systems.

There is usually more than one solution to a problem, and more than one way to approach a solution. Once problems have been identified, it makes sense to explore options to solve them. When the options have been identified, recommendations can be made based on what methods or procedures will be the most appropriate and cost effective for the association. These recommendations will help the Executive Committee to establish a list of priorities for the association.

How to Prepare for a Planning Session

The Executive Committee and any committee chairpersons meet and create a list of priority issues the association should address; these will be the major agenda items addressed in a planning session. The list may look like this:

- Replace elevator #2
- Improve quality of maintenance and housekeeping service
- Repair roof
- Improve communication with owners
- Deal more effectively with delinquent owners
- Replace defective hallway lights
- Develop unused basement space into income-producing uses

A questionnaire is then sent to all owners advising them that the Executive Committee will conduct a long term planning session on a certain date, and providing them with the initial list of issues. Owners are asked to list any other association issues which are important to them, and to provide their list to the Executive Committee in advance of the planning session.

The association treasurer or the person responsible for maintaining the association's financial records should prepare for the session by reviewing the financial condition of the association, and should be prepared to answer questions as to what budget categories would be used to pay for proposed repairs or improvements, and what the current and projected funding is for the category.

Generally, little will be accomplished at the planning session if too many people

participate, but the Executive Committee should invite a limited number of owners who have been active in the community or express an interest in volunteering. During the planning session it will be necessary to break down into small working groups to discuss the issues, and you will need enough people to do this. This should be explained in the questionnaire and owners may sign up if they wish to volunteer to participate in the planning session. Some association Executive Committees have established committees such as Finance, Communications, and Maintenance Standards. The chairpersons of these committees should participate.

Almost everything discussed at a planning session will cost money, so the planning session must be tied to the budget process. Schedule the session a month or two in advance of the preparation of the Association's next budget. Of course, every issue discussed will not be funded, but the time to discuss this is before the budget is developed.

It may be best to put one Executive Committee member in charge of making some preliminary planning in advance of the session, such as:

Collect in advance of the session necessary facts and background on each issue to help the association leadership set the standards, goals and tasks. For example, if one issue is repair of the roof, answer questions such as: Is the roof leaking now? Are units or common areas being damaged and what have these repairs cost the association? Is owners' health or safety threatened? How old is this section of the roof? Is there a warranty? What is the estimated cost of repairing it? Are the roof leaks the result of faulty materials; should another product be used?

Assist the Executive Committee in writing the agenda and procedures for conducting the planning session, and to help conduct the session if asked.

Take sufficient notes of all decisions made at the session to understand the resulting tasks to put on the Calendar of Events.

How Far Ahead Can an Association Plan?

The association's financial potential is key to meeting many of the goals it sets in a planning session, and owners' associations registering today in Romania must contend with several factors that make long term financial planning very difficult. These include the unpredictability of future inflation, an unstable economy, unemployment, and large numbers of retired low-income owners and residents. In other circumstances, owners' associations might develop a one year budget. But, under current conditions in Romania, three or four month budgets are more meaningful. This will probably not be the situation in a year or two, when inflation stabilizes.

But even though budgets may need to be short term, the planning session should encompass as many of the challenges and goals as possible, and with long term target dates to meet them when necessary. The planning calendar of events should cover one

year at a minimum, and may be for two years. This is suggested for several reasons:

Until the extent of the problems or goals are known, there is no way to prioritize them.

It is better to know what the association is up against, to "put everything on the table." Even if the Executive Committee must defer many items, it will find owners to be more understanding and accepting of Executive Committee decisions when their input was considered and a thoughtful decision-making process was used. The planning session is this process.

The planning session brings out the concerns and desires of owners and management; but it also brings together those most active and interested in solving the problems. The cumulative ideas and efforts of these people lead to creative ways to solve problems and reach goals.

Long term planning gives the association something to shoot for. Even if the association narrows its sights to only one or two projects, when these are accomplished, they can move right on to the next priority on the plan without starting from the beginning again.

How Does the Planning Session Work?

The President welcomes the participants and asks everyone to introduce themselves.

The benefits of long-term planning are explained (as stated above).

The preliminary work by the Executive Committee in preparation for the planning session is explained (i.e., identifying the major issues facing the association as well as improvements the owners would like to see). A list of these issues and proposed improvements are provided to the meeting participants.

The purpose of the planning session is explained. The Chairman of the Executive Committee may explain it in this way:

"The purpose of the planning session is to focus on what the goals should be where does the association want to be one, two years from now? From this list, we will narrow our sights and set our focus on as many issues as we think we can begin to address this year, and decide which ones should be the focus next year.

Once we have our focus, we'll decide what policy guidelines, tasks and assignments are necessary to achieve the desired results. The purpose of this session is not to solve all the association's problems. But at the end of the session we should have a good idea of what we need to do for the next

year and we should have a specific list of policies, procedures and/or methods to work with during the coming months. In the process we should arrive at conscientious values and standards.

The final product we want to produce as a result of the planning session is a calendar of events, outlining tasks, assignments and target dates. This calendar of events will have assignments for the Executive Committee and other committees. We recognize that we must be flexible. We know that future circumstances may change and the calendar is not carved in stone."

Referring to the list of issues, the Executive Committee presents background on each issue to demonstrate why it is considered a priority. General discussion should follow to get input from everyone in attendance. At this point it may become clear which items on the list should be deferred one year or longer and they are crossed off the list, but recorded to be considered the following year. General discussion may be all that is needed to narrow the list down to items that can reasonably be expected to be accomplished in the coming year. But if there are still too many items on the list and the group cannot decide which ones to eliminate, ask each person to put all items in priority order by writing a priority number next to each item.

After a realistic number of issues have been identified, the participants break into small groups and give each group one or two issues as their topics. Their job is to discuss what the standards, goals, tasks and target completion dates should be for the issue. A spokesman for the group should write down the standards, goals and tasks and be prepared to present them to the bigger group. The group should be sure to focus on the assignment at hand, and not on complaints, or problems of the past.

Establishing Standards

A standard is defined as "something considered by general consent as a basis for comparison, an approved model." For example, if the issue is dealing with owners who are delinquent in paying their association assessments, the group knows that it may be impossible to always collect 100 percent of assessments, but a reasonable standard may be to keep unpaid assessments at or below 7 percent of the total gross assessment potential. If the issue is housekeeping, describe the minimum standards for cleanliness expected to be maintained.

Setting Goals to Meet Standards

The small group then agrees on some obtainable, realistic goals for providing the desired standards. For example, keep delinquencies below 7 percent, a goal would be to develop an effective delinquency collection policy.

Examining Financial Ramifications of Possible Courses of Action

If the group determines that the association should keep delinquencies below 7 percent, and that it should invoke legal action against those unit owners who are delinquent beyond three months, an analysis should be made of the financial ramifications of this course of action. For instance, if a unit owner owes 100,000 lei to the association, would it be worth it to commence legal action against the person if the cost of hiring a lawyer and filing a lawsuit would cost more than 500,000 lei?

The simple answer might be no. However, if taking legal action against a delinquent unit owner will discourage other unit owners from neglecting to pay their assessments, the cost of the lawsuit may be worthwhile.

This consideration is called a cost-benefit analysis, in which the costs of a particular action are compared to the relative benefits to be gained.

For instance, the cost of making a systemic change may be so expensive that the resulting benefit might not be worthwhile in the long run. On the other hand, the cost of making a certain administrative or physical improvement might be high, but it will result in substantial savings to the Association in the long run. This kind of analysis should be made before the Association finalizes its priorities.

Both costs and benefits should not just be measured from a monetary standpoint. They can also be measured in terms of time lost and time gained. They are not always tangible either. For instance, a unit owner's contentment can be looked at as a benefit, and his lack of satisfaction with his living environment can be viewed as a cost. Therefore, both monetary and non-monetary costs and benefits should be taken into consideration when performing a cost-benefit analysis.

Identifying Tasks and Target Completion Dates

The group then identifies the tasks needed to accomplish the goals. In the case of the delinquency collection policy, tasks might be the development of notices to owners, and research into any and all legal remedies and sanctions the association may use to recover unpaid assessments and deal with delinquent owners.

All participants join the bigger group and present the work they have done. After any final issues have been discussed, each group's written standards, goals and tasks are given for inclusion in the Management Calendar of Events. The Chairman of the Executive Committee explains that all participants will receive a copy of the calendar, and that the

entire community will be informed about the results of the planning session. Participants are thanked for their efforts and the session is ended.

THE CALENDAR OF EVENTS

The Management Calendar of Events includes more than the goals and tasks developed in the planning session. It also includes target or deadline dates for the completion of *all* major tasks under the Executive Committee's and management's responsibility. Once completed, the executive Committee and other committees use the calendar as a checklist for what needs to be done to make sure nothing is forgotten.

The best way to make the calendar as comprehensive as possible is to develop a checklist which is used each year to complete the calendar. Here is an example of a checklist.

Checklist for Developing the Management Calendar of Events

Topic	Date	Task
Budget Process	09/15	Budget Committee Meets
	10/01	Committee Presents Draft Budget to Executive Committee
	11/01	Draft Budget Delivered to All owners along with notice of General Meeting to approve Budget
	11/26	General Assembly Held, Budget Approved
	12/01	Notice of new Association fee delivered to owners
	01/01	New fee implemented
Scheduled Executive Committee Meetings	01/24	January
	02/23	February
	03/20	March
	04/27	April
	05/15	May
	06/18	June
	07/20	July
		No meeting in August
	09/22	September
	10/29	October

Topic	Date	Task
	11/24	November
		No meeting in December
Annual General Assembly	08/20	Deadline to Reserve a Meeting Room
	09/01	Notice Sent to Owners Inviting Candidates to Nominate for Executive Committee Positions
	10/01	Notice of General Assembly Sent to Owners with Proxy/Ballots Enclosed
	10/20	Annual General Assembly/Elections Held
Annual Planning Session	07/10	Priority Issues Discussed by Executive Committee at Regular Meeting; Executive Committee Selects Owners to be Invited to Planning Session
	07/20	Management to Make All Preparations for Session
	07/30	Planning Session Held
Expiration Date of Contracts		
Maintenance/Housekeeping	10/01	Start Review/Bidding Process (expires 12/1)
Trash Removal		Three Year Contract; Does Not Expire until 1997
Fire Extinguisher Maintenance	02/12	Need to Be Recharged on or Before this Date
Employee Evaluations	12/01	Manager Completes Evaluations
	12/15	Manager has Met with Each Employee to Conduct Evaluation
Property Inventory	02/15	Complete Administrative Inventory
	03/15	Complete Equipment/Tool/Building Supplies Inventory
Property Inspections	Show date here for at least one inspection each month.	
Special Projects from the Planning Session		
Develop Delinquency Collection Policy	10/15	Manager has developed three notices to be sent to delinquent owners at 15 days overdue, 30 days overdue, and 60 days overdue.
	11/15	Executive Committee has prepared a list of all possible sanctions to be used on delinquent owners (late fees, refuse use of parking lot, eviction, loss of ownership of unit).
	12/01	Executive Committee drafts collection policy and has attorney review it for legality.
	01/20	Executive Committee notifies community of the new collection policy and distributes a copy to all

Topic	Date	Task
owners		
<i>Continue with the tasks for any other special projects ...</i>		

Narrative Management Plans

An association may require that a narrative management plan be prepared, which states what the association's priorities are and how they will be addressed. This would be particularly helpful if an association is considering hiring an outside property manager. The association could provide potential candidates with a list of the association's priorities and standards, and request that the candidates prepare a management plan to demonstrate how they would address these issues. The association could then take these plans into consideration when making a decision about which individual or company to hire.

A written management plan should include sections on the physical, financial and administrative aspects of operating the owners' association. For each of these elements, the association's priorities, goals and standards should be enumerated.

IN CONCLUSION

A carefully prepared Management Calendar of Events serves everyone well. The Executive Committee can tell at a glance what should be accomplished each month by its members and by other committees. The Executive Committee is not likely to let things remain undone with a good calendar to follow. With a Management Calendar and management plan, inquiring owners can track the progress of the association and feel confident that their condominium assessments are being well-spent when they see a good plan and completed projects completed which improve their quality of life.

MODULE 8

RELATIONS WITH PUBLIC INSTITUTIONS

MODULE OBJECTIVES

Learn how the owners' association can work effectively with public institutions, courts, and service providers.

Determine how to solve association's problems outside of its direct area of influence.

Formulate strategies for dealing with various institutions.

OVERVIEW

Once an owner's association is registered, it becomes a legal entity. This situation empowers unit owners, because the association can represent them as a group, rather than as individuals, with public institutions, the courts, and service providers.

PRIMARY RELATIONSHIPS

The Municipality

In the past few years, the roles and responsibilities of local governments throughout Romania have changed dramatically. Municipalities have assumed many new responsibilities which were previously State responsibilities. When tenants in state-owned apartment houses became the owners of their flats, the relationship between the local government and these new owners changed dramatically. No longer was the municipality's role that of a landlord. No longer was the municipal housing regia (housing maintenance company) the new owners' primary contact with the municipality.

Some municipalities publicize owners' associations, distribute written materials about registering them, and work with non-government organizations to ensure that owners' associations obtain the information they need in order to operate effectively.

The Law of Cadastre and Real Estate Registration no. 7/1996 requires that the right of ownership of buildings be registered at the local Ground Book (Cadastre) office, or if this office has not been organized or is not functioning, registration should be made in the public register at the local court having jurisdiction over the building. For a condominium the following documents are required for registration:

- Document establishing lease or ownership of land
- Ownership documents for each unit owner
- Drawings or sketches identifying the location within the building of each apartment

Each owner's association should ensure that this registration has been properly made. In addition each unit owner must individually register his ownership right to his apartment. Note that these registrations are tax exempt.

After an owner's association is registered at the court (see Courts section), it must obtain a fiscal code number by registering with the Municipal Finance Department.

There are many areas in which an owner's association might work with the municipality. The association may wish to lease the land surrounding the building from the municipality. This action would involve discussion and negotiation with the appropriate municipal official(s) and might even require consideration by the municipal council. Also, the association may need to bring to the attention of the municipality deficiencies in municipal services or disagreement with municipal policies.

The Courts

An owner's association will have early contact with the courts, because to acquire legal standing it must register its association agreement and statute with the court which has jurisdiction over its respective building. After all of the owners have approved the association agreement and statute, and have signed the authorization form, designated representatives go to the court and submit the documents for registration in the public register.

After it becomes a legal entity, the owner's association will periodically interface with the courts. The following are typical situations which bring associations into the courts:

- The association decides to take legal action against unit owners who are delinquent in their payment of association assessments.

- The association has a dispute with a contractor.

The Labor Department

If the association employs staff to perform janitorial work, for maintenance, for administration, or for any other purpose, it may have to interface with the Labor

Department, or with an agency which regulates employment practices, employer-employee relations, labor standards, and if applicable, safety standards. If the association employs individuals for any purpose, it will be subject to laws governing employment contracts, hours of work, the work environment, etc.

Before the association hires staff, it should contact the appropriate agency and obtain the rules and regulations which apply to employers. The association may be subject to employment taxes associated with hiring and paying personnel.

The Ministry of Public Works

It is unlikely that an owners' association will have much contact with the Ministry of Public Works. However, it is the Ministry which was responsible for drafting the regulations regarding registration of owners' associations pursuant to the Housing Law.

The owners' association, as a legal entity, can serve as an advocacy body for the individual unit owners. Groups of owners' associations together make up a substantial voting bloc. Owners' associations are relatively new to Romania, and the Housing Law and corresponding regulations are also new. Although much thought went into drafting the law and regulations, until they are actually put into practice it is difficult to predict how smooth their implementation will be.

Over the next few months and years new owners' associations will test how well the regulations work in practice. Do they enable owners' associations to operate effectively? Do they address specific problems which might be experienced by owners' associations? Are there areas in the operation of owners' associations which the regulations do not address which need to be addressed?

If an individual unit owner wrote a letter to the Ministry of Public Works regarding a problem with the regulations, it is unlikely the owner would receive an answer. However, if an owners' association wrote a letter to the Ministry, or if groups of owners' associations got together to contact the Ministry about a problem, it is more likely that the Ministry would pay attention to the issue.

Service Providers

As a legal entity, the owners' association has the ability to enter into contractual agreements with other legal entities and/or individuals. Once owners' associations are created in buildings or groups of buildings, they must separate from the tenants associations and contract directly with the Regie which provide services.

Owners' associations will contract directly with the regie for the provision of electricity, gas, heating, and water/sewer services. Similarly they will contract directly with the providers of other needed goods and services, unless the services are provided by the municipality.

As a rule the Executive Committee has direct responsibility for contracting and procurement on behalf of the owners association. It is responsible for obtaining the best service at the lowest possible price, and for ensuring that the unit owners' best interests are served. Accordingly, members of the committee need to develop relationships with service providers.

IDENTIFYING PROBLEMS

Before an owners association can identify the appropriate entity to contact regarding a particular problem or issue, it must first clearly identify the problem or issue which it wants to discuss. It is important to identify the cause or causes of the problem.

For example, the Executive Committee noticed that the street has not been cleaned for the past month. Why is that? Is the company with which the municipality contracted to clean the streets not fulfilling the terms of its contract? In fact the streets have not been cleaned because the municipality has not paid the contractor. So in this case the problem is that the street has not been cleaned, and the cause is that the municipality has not paid the contractor.

Documenting Issues

When the association observes a problem and determines what the cause is, the issue should be documented before addressing the responsible agency.

It is important that the association document its observations and actions, particularly with respect to issues which may be subject to dispute. Should there be a need for mediation by the municipality, or should there be legal action, written documentation is crucial to provide evidence supporting the association's case. Proper documentation may be the difference between obtaining or not obtaining satisfactory resolution.

Documenting a situation is not a complicated process. It may involve a simple note to the file. For instance, if the Executive Committee notices that the street has not been cleaned, and has determined that the municipality has the ultimate responsibility for ensuring that this occurs, before contacting the municipality, it should do the following:

Determine how often this service was provided in the past.

Determine how much time has elapsed since the service was last provided.

Observe the results of the situation (such as, accumulated garbage and debris is attracting rodents).

Document the situation by writing up these observations.

If the issue is more complicated than the one described above, it will require additional documentation. For example, an owners association is formed and is attempting to obtain its accounts from the tenants association. Numerous attempts have been made to persuade the tenants association to turn the accounts over, but the tenants association has been unresponsive.

The following shows how the situation should be documented.

How has the tenants association been notified?

If the association was notified by telephone, the name of the person who called, the name of the person he spoke to, the date and time of the call should be documented in writing.

Regardless, if the request was made by telephone, the request should be followed up in writing, and a copy of the letter should be retained by the owners association.

Successive attempts should be made to obtain the information, and these should also be made in writing. Copies of all correspondence should be kept in the association's files.

Determining the Desired Outcome

Once a problem or issue has been identified, it is important for the association to be clear about what it wishes to achieve. If the association is clear about the desired outcome, it will be easier to create a plan of action to address the situation.

As an example, let us look at a new association. The association needs to be registered. The unit owners have gathered the necessary documentation, and the Association Agreement and Statute must be notarized.

The unit owners find that the notary fees are very high, and they create a special committee, the members of which will address their concerns to the Ministry of Justice.

What is the unit owners' desired outcome? Do they want the Ministry to force the notaries to lower their fees? The Ministry cannot do this, but it can recommend changes to the government. Do they want the Ministry to look at the registration procedure, and determine ways in which it can be modified to make it easier and less costly? The desired outcome will determine what course of action the association must take to address a particular problem.

WHICH INSTITUTION HAS AUTHORITY?

Gaining Intelligence on the Institution

If the association has a problem which it wants to resolve, it is important to determine which agency or party to approach.

This is not always easy to do, because public institutions and service providers may be large and bureaucratic, so it may take time to determine who the appropriate party is.

The best approach for the Executive Committee is to be tenacious to try every avenue it can think of to find the appropriate party to not give up!

For instance, in the example used earlier about the street cleaning problem, determining who is responsible for the situation may involve several steps.

A member of the Executive Committee member might remember that when the street was cleaned in the past, it was cleaned by the ABC Refuse Removal and Street Cleaning Service. The Executive Committee member should find the telephone number for this company, and ask who in the company is, or was, responsible for having that street cleaned. If the person who answers the phone does not know, then the caller should ask to speak with the supervisor of the company's street cleaning division.

If the supervisor is not available, the caller should ask when he can be reached. Several telephone calls may be required to reach the appropriate person, but persistence usually pays off.

What if the Executive Committee finally speaks to the supervisor of the company's street cleaning division, and is told that the company has discontinued service because the municipality has not signed a renewal contract with them? The caller should ask the supervisor which department and which person at the municipality is in charge of letting and administering these contracts. Then, the Executive Committee member should call that person.

This can be a time consuming process. It may be difficult for the Executive Committee member to make telephone calls on behalf of the association during normal business hours. It may be difficult to reach the appropriate individuals. However, it is important to keep trying, because problems can generally be resolved if someone is willing to put enough time into the process.

Identifying the Responsible Person

When addressing issues or problems, it is important that the association determine the responsible institution. Also the association must determine which individual to contact

within an institution. The person in charge may not be the appropriate person to contact.

For instance, if the Executive Committee wishes to inquire about the possibility of leasing the land surrounding the building, it would probably not be advisable for them to contact the Mayor. There are many areas in which the Mayor does not become directly involved. The Mayor has numerous responsibilities, and delegates a lot of these to other officials within the municipality. The Mayor's office should forward correspondence to the appropriate department, but in some cases the correspondence is lost or is not forwarded.

It may make more sense for the Executive Committee to contact the head of the department responsible for municipal assets, or there may be an individual in that department who is responsible for leasing activities. It is also very important that the association not approach a person who has no authority to make decisions, because the association's request might be overlooked.

The rule of thumb is to try to identify the person who is directly responsible for the situation in question, and who has enough authority to be able to take action with regard to the association's request.

Procedures for Making Complaints/Inquiries

Some institutions have procedures in place for accepting requests or complaints. They may have designated departments, such as public relations or customer service, which are organized to handle inquiries from the public.

An institution may require that complaints or requests be submitted in writing, rather than by telephone or through personal visits. The agency may even have a particular form which the must be completed.

The owners' association will save a lot of time if it submits its complaint or request to the appropriate person or department, and in the proper form. If the Executive Committee is aware of the proper institution to which to address its complaints, it should contact the institution by telephone to determine the proper procedure for making inquiries.

If the Executive Committee requests information on inquiry procedures, they should request the identity of the person who provides the information. Later if the institution takes the position that proper procedures were not followed, the Executive Committee can identify the source of the procedure which was followed. The institution may make allowances for the association if one of its employees gave out incorrect information.

DEALING WITH THE INSTITUTION

Who Should Represent the Association

If an owners' association has a grievance or an issue to discuss with a public institution, it will be represented by the Executive Committee and the chairman. This is

important, because the General Assembly has demonstrated its trust in these individuals by electing them to office. In addition, by electing Executive Committee members, the General Assembly is authorizing the Committee members to represent them in legal or contractual matters.

The party with whom the Executive Committee meets is more inclined to take them more seriously than an individual unit owner. This is because the unit owner may only be representing his or her individual point of view, while the members of the Executive Committee must represent a majority of the unit owners in the association when acting in an official capacity.

If the chairman of the Executive Committee is unavailable to assume this role, then another officer should represent the association. If no Executive Committee members are available for this purpose, they should officially designate and authorize a unit owner to represent the association.

Preparing Written Requests/Complaints

If the association has business to discuss with a public institution or a service provider, the Executive Committee should prepare a written description of the issue or complaint for the Chairman's signature. The Executive Committee should send the letter to the person at the institution who is responsible for the matter to be addressed.

The letter should indicate what is being requested and what course of action the association is proposing. For example, the letter to the municipal official which appears at the end of this module addresses an association's desire to lease the land surrounding its building from the municipality. The letter very clearly states this position, and that the Executive Committee wishes to meet with the official to discuss the matter further.

If the association prepares a letter to express a grievance, the letter should clearly state the problem, describe the desired outcome, and if possible, discuss the course of action the association will take if the recipient of the letter fails to respond. The letter should be accompanied by documentation. For instance, if the association has written to the tenants' association several times about turning over its accounts, and the tenants' association has not responded, the owners' association should document this lack of responsiveness. The Executive Committee should write another letter, and include copies of past correspondence. The letter should indicate that a copy is being sent to the owners' association's attorney, so that the tenants' association is aware of the seriousness of the matter. The Executive Committee should send a copy of the letter and all documentation to the attorney.

Making Personal Visits

If the Executive Committee makes a request to an institution, unless it is a simple request which requires routine action, it should follow up the written request with a personal visit.

The reason for this is simple, albeit rather cynical. People can ignore a letter; it is harder for them to ignore individuals when they meet face-to-face.

For instance, in the letter at the end of this module, the Chairman of the Executive Committee discusses the association's request to lease the land surrounding the building. At the end of the letter, the Chairman requests that the official meet with the members of the Executive Committee to discuss the matter further.

If the Executive Committee takes the time to meet with the official, this shows that they are serious about pursuing the request. The official will recognize this, and be less likely to put their letter on the bottom of a pile on his desk.

Sometimes it is difficult to persuade an official to agree to a meeting. The Executive Committee must be persistent, so the official knows that they will not let the matter drop.

It is generally inappropriate to drop in on an official unannounced. Most likely, the official will refuse to meet with you. But it is more professional if the Executive Committee states its business in writing, and requests a meeting. If the official does not respond after repeated requests, making an unannounced visit may be the only possible and appropriate course of action.

FORMULATING AND IMPLEMENTING A PLAN

The following illustrates how owners' associations can formulate and implement a plan for addressing a problem with a public institution or a company:

Identify symptoms of the problem, and clearly identify the problem or issue itself.

Document the issue in writing.

Determine what you want the resolution to be.

Determine the appropriate institution or company which is responsible for dealing with the issue.

Find out who within the institution or company is the appropriate person to speak to.

Determine if the institution or company has a procedure for making inquiries, requests and/or complaints.

Decide who will represent the association in this matter.

Write a letter which outlines the problem, its ramifications, and desired outcome

to the appropriate party.

Schedule a meeting with the appropriate party.

Follow up to ensure that an action is taken or a resolution is implemented.

Analyze the process and monitor results.

Following Up

Even after the association defines an issue, determines who is responsible for addressing the issue, and meets with the individual, the Executive Committee's work does not end. The next step is to follow up with the individual after the meeting, to ensure that action is being taken on the request.

This follow-up can take place in a variety of ways. The Executive Committee can make follow-up phone calls, send follow-up correspondence, or make follow-up visits. A combination of these measures may be effective. The most important thing to remember is that even if a problem is brought to the attention of the appropriate party, a resolution may not occur unless the association actively assists in the process, by reminding people to do what they said they would do, or what they are supposed to do.

Obtaining a Resolution

The owners' association must ensure that if it obtains a resolution to an issue, the resolution is that which was desired by the General Assembly. If this is not the case, then further negotiations may be required with the appropriate institution or company.

Once the desired outcome occurs, the association may be required to participate in its implementation.

Monitoring and Evaluating Implementation

Suppose, in the case of the street cleaning problem described earlier in this module, the municipality signs a contract with a service provider, and pays for the service. It is the owners' association's responsibility to monitor and evaluate the implementation of the contract.

The Executive Committee must evaluate whether or not the resolution achieves the desired effect. Is the new company adhering to its street cleaning schedule? Is it doing a satisfactory job? If so, then the association was successful in defining the issue and ensuring that the issue was adequately addressed by the appropriate party. If not, then further action may be required on the part of the Executive Committee.

The Executive Committee's role to monitor and evaluate overlaps with many areas of operating the owners' association. It is discussed further in Module 2: Property

MONITORING AND EVALUATING RESULTS

In its relations with public institutions and service providers, the association should not only monitor and evaluate the results of a particular action, but should examine the results of the process used in address the original problem.

It is important for the association to consider if it used a systematic approach to identify a problem and desired outcome, if it approached the right institution or company, and if it followed up consistently until a resolution was obtained. If mistakes are made, they can result in delays, in unsatisfactory resolutions, or in no resolutions at all. But the owners' association can learn from these mistakes, and ensure that the next time an issue needs to be resolved with an outside institution or company, the Executive Committee employs a more systematic and logical process.

SAMPLE LETTER TO MUNICIPAL OFFICIAL

Dear _____:

On behalf of the _____ Owners' Association, which represents the owners of (address), I am writing you to express our intention to pursue the possibility of leasing the land surrounding the building.

The Owners' Association would like to lease the land which is comprised of areas on both sides of the building and at the front and rear of the building.

We are prepared to negotiate with the local government on the lease amount. The Association is in a position to pay a fair price. The arrangement would be mutually beneficial; the Association would have control of the area surrounding the building, while the City would earn additional revenue and be relieved of the responsibility of maintaining the area surrounding the building.

Myself, and two other members of the Association's Executive Committee, Mr. _____ and Ms. _____, would like to discuss the matter with you further, and would be pleased to have the opportunity to meet with you at your convenience. To arrange this, please call me between 8:30 and 17:00 on weekdays at _____.

Thank you for your consideration of this matter.

Sincerely

Chairman, Executive Committee

_____ Owners' Association

MODULE 9

COMMUNICATIONS

MODULE OBJECTIVES

Introduce the idea that an owners association should establish a communications program.

Demonstrate the benefits of such a program.

Provide the procedures, tools and tips to help associations get started with a plan their community can start using tomorrow!

OVERVIEW

If you think about it, in any relationship, whether it is business, social, or personal, we know that our ability to use communication skills will affect the relationship positively or negatively. The best and brightest business partners, the perfectly planned social encounter and the most caring family members may not be effective or successful if they cannot get a good line of communication going.

A condominium owners association is no different. The efforts and potential of well-intentioned Executive Committee members, hard working managers, active committees and interested owners will pay off in great benefits to the association **if** they take their communications program seriously. Otherwise, its efforts may be thwarted, delayed or even lost in misunderstandings, apathy, lack of trust, and missed connections that often result from poor communications.

Why Should Our Owners Association have a Communications Program?

Owners have the right to be kept informed about the decisions which affect them, even if they cannot attend Executive Committee meetings. A good communications program includes ways to keep them informed.

Owners will more likely support decisions of the Executive Committee if they have been kept informed and understand why the Executive Committee made the decision.

The Executive Committee's decisions will more closely meet the needs and desires of the owners if its communications program includes gathering and evaluating feedback from owners before voting on important issues.

Good communications from the Executive Committee and management **fosters**

a feeling of community among residents because they have been permitted to participate in and be kept informed of community decisions. Residents feel that their opinions are respected and considered.

Good communications between all parties management, the Executive Committee, the owners, contractors, employees **prevent problems** caused by misunderstandings.

Today's owners are tomorrow's Executive Committee members. **A good communications program is part of the education process for future Executive Committee members.**

Regardless of what the Executive Committee does makes rules, levy assessments or fines, hire or fire contractors or employees if it communicates poorly, few owners will know about or understand its actions, and even fewer will respond favorably to the Committee's decisions. The members of the Executive Committee needs the support of the community to be effective.

Let us summarize. Good communication:

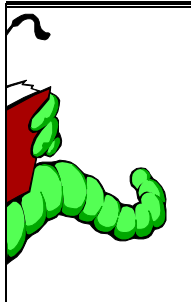
Is a unit owner's right to be kept informed
Gives the Executive Committee more support for its decisions
Helps the Committee meet the needs and desires of the residents
Fosters a feeling of community spirit
Prevents problems
Helps to educate future Committee members

THE FOUR BASIC TYPES OF COMMUNICATIONS

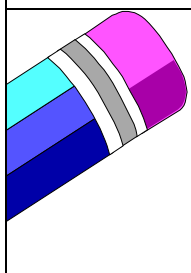


SPEAKING

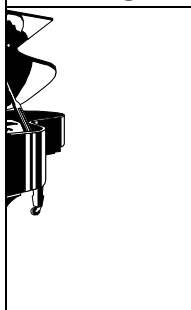
166



READING



WRITING



LISTENING

TYPES OF COMMUNICATION

Listening

Does it surprise you that listening is considered a way of communicating?

The next time you are in a meeting of several people, look around and find the person who seems to have the most influence and respect from his peers. To find this person, look for the one who has less to say than most people, but is listening attentively and taking notes. This person will speak, but only after gathering and considering most of the information, ideas and comments from those who spoke earlier. He takes the time to listen, ask questions, and make sure he understands first, and when he finally speaks his words hit a chord with most people in the room because it is obvious he heard and considered their viewpoints in forming his own opinion. When he speaks, not only do people pay attention, but he builds a rapport with his audience. He has the greatest potential to influence others to his way of thinking. Why? He followed a simple rule.

Seek First to Understand; Then to Be Understood

Listen first; be grateful for others' opinions, especially if they are different from your own. When you listen, do not plan your response, only listen with one goal in mind, to really understand the other person's perspective, how that person feels about the issue. Put yourself in the other person's place to see it from that person's point of view.

Learn that your ideas alone cannot possibly be as valuable as the combination of your ideas and those of others with a different perspective. The best solutions to problems are found in the combination of creative ideas from several people.

Ways of Listening

The wise Executive Committee members want to get the opinions of owners. Of course, it is not always necessary or feasible to poll the community on every issue and the Executive Committee will not want to delay decisions unnecessarily, but when possible it reaches out to hear from its constituents, and here are the ways it does it:

A Suggestion Box. Owners deposit written suggestions in the box and are not required to give their names unless they want to. The Executive Committee considers all suggestions received.

Resident Questionnaire. Periodically, a questionnaire is sent to all owners, to assess their satisfaction with services in the building, to get their ideas for improvements, and to obtain their opinions on difficult issues.

Open Forums at Executive Committee Meetings. Although the Executive Committee must conduct most of its meetings without comments or conversations with owners in attendance, every Executive Committee meeting should include 15-30 minutes of Open Forum at the beginning, where residents may speak on any issue relevant to the Owners Association or ask questions of the Executive Committee or the Manager.

"Question and Answer" Column in the Owners Association's Newsletter. Owners may have their questions answered through the community newsletter.

Unit Owner Survey Form. Periodically, this survey form is sent to all owners so that the Executive Committee can keep track of the changing demographics in the building, the number of pets, the identification of cars and their owners, and information on owners who lease their units and their tenants. A sample of this survey is provided at the end of this module.

Let us summarize.

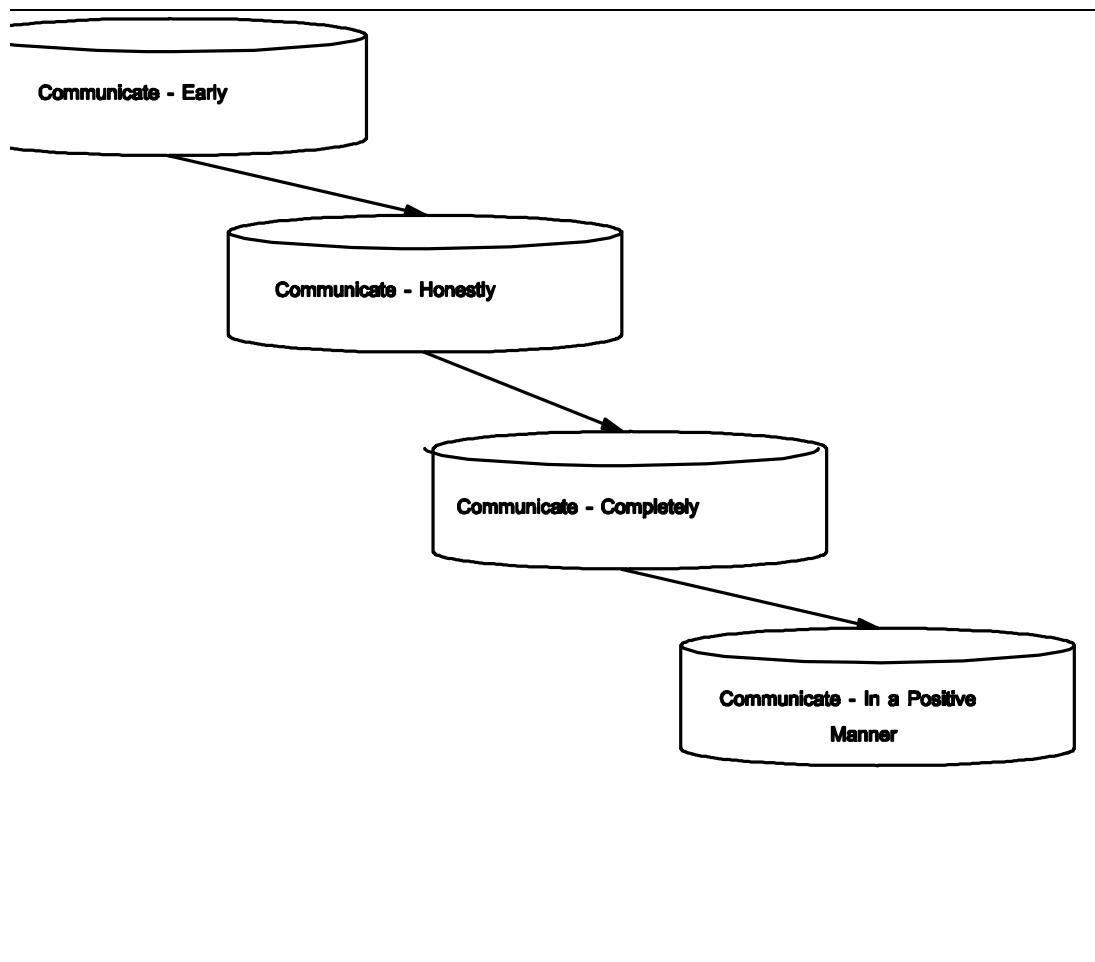
How does the Executive Committee gather opinions and ideas from the owners?

- Suggestion Box
- Resident Questionnaires
- Open Forums at Executive Committee Meetings
- Question and Answer Columns in the Community Newsletter
- Unit Owner Survey Forms

Communication in Writing

When the Executive Committee or Management is ready to communicate important information to the owners, they should use the following four "guideposts" of communication. If every conversation, phone call, notice, letter, or newsletter from the

Executive Committee or management meets these standards, a good communications program is in place.

Four Guideposts to Good Communications

Let us experience the difference between good and poor communication. Take a look at the following notice a member of an Executive Committee posted in the elevator.

TO ALL RESIDENTS

There will be an Executive Committee Meeting this evening, November 30 at 8:00 p.m. in the usual location. The Executive Committee plans to vote on three topics:

- 1) Adopting a new rule to restrict the number of dogs allowed to one (1) per apartment, and to restrict the size of dogs allowed to those weighing no more than 20 kilos.
- 2) Approval of the Manager's request to spend 300,000 lei for a Christmas Tree, decorations, and food and supplies for the Owners' Association's holiday party.
- 3) Increasing the late fee by 10% for all owners who pay their Owners' Association assessment late.

All Residents are welcome to attend this meeting.

REMINDER!

Some residents are propping the back door of the building open and this is strict violation of our rules. Anyone who witnesses this happening should immediately report it to the Executive Committee and prompt action will be taken. This behavior will NOT BE TOLERATED!

Let us assume that you have just come home from a long day's work to find this notice posted in the elevator of the building where you live.

This is the first notice you have received of this Executive Committee meeting. You received no prior notice that the Committee was considering the new pet rule, the increased late fee, or having a Christmas party. You cannot possibly make the meeting tonight. However, two days ago you promised your daughter she could have a dog of her own and have already picked one out for her. You already have one dog in the house. What is your reaction likely to be and what are they likely to do about it?

The feelings are likely to be anger for not having an opportunity to voice an opinion, and a lack of trust in the Executive Committee for acting so quickly on something that could affect many people. You may be thinking "I cannot disappoint my daughter, I will just break the rule and hope that the Executive Committee will not have any legal means for 'evicting' the dog".

What might this notice have looked like if the owners' association had a good communications plan? Let us take a look. This time, the notice was placed in each hallway where community bulletin boards had been installed for this purpose. The Executive Committee did this because they wanted to make it convenient for owners to read and he knew it would not be easy for residents to read a long notice in the elevator before it reached their floor.

COME TO THE EXECUTIVE COMMITTEE MEETING!

Join us at the next meeting of the Executive Committee, to be held one week from today, November 30, at 8:00 p.m. in the Community Room. The Executive Committee will vote on the following issues:

- 1) Adopting a new rule to restrict the number of dogs allowed to one (1) per apartment, and to restrict the size of dogs allowed to those weighing no more than 20 kilos.

The Executive Committee sent a letter and questionnaire to all residents prior to last month's meeting explaining their reasons for considering this new rule and asking for input from owners. Thanks to the owners who responded to the questionnaire and to those who came to last month's meeting to express their opinions and ideas.

- 2) Approval to spend 300,000 lei for a Christmas Tree, decorations, and food and supplies for the Owners Association's holiday party. We need volunteers to help decorate the tree and donate food for the party.
- 3) Increasing the late fee by 10% for all owners who pay their Owners Association assessment late. This issue was raised at last month's meeting, and was postponed for further discussion and additional substantiating facts to be presented at this meeting.

Special Reminder:

Our goal this winter is to keep you SAFE and WARM. Some residents are propping the back door of the building open which makes the first level very cold and also defeats the building's security system. Apparently some owners block the door open when walking their dog rather than letting the door close and using their key to re-enter. If you do not have a back door key, management will issue you one. For the safety and comfort of your family and your neighbors, please take the time to use the key.

Remember the four guideposts?

Early, Honest, Complete, and Positive Communication.

This notice gets the same message across, but in a much more desirable manner, and it is sure to get a better response and more cooperation.

Often it is not WHAT is said, but how and when it is said that determines how the message will be received.

The guideposts can be used in every form of communication in your association. Let us take a look at a collection of sample newsletters, bulletins, and booklets that provide a baseline of what may be found in an active community association, and should be considered for yours.

OTHER FORMS OF COMMUNICATING

Newsletters

This is the most important first step in your communications plan. You do not have to start off big. Your first newsletter can just be a one-page flyer, published six times a year in the beginning. But be consistent so that people can depend on the publication.

A newsletter does more than just offer residents information of mutual interest. It can become the voice of the people in the building and can help establish a sense of community. A newsletter is the easiest way to relate information.

Keep these tips in mind when publishing a newsletter.

Tips for Publishing a Well-read Community Newsletter

Have an eye-catching masthead.

Use an easy-to-read format.

Fill it with important information about people and events.

Use timely information.

It should build morale, enhance teamwork, be enthusiastic, and inspire community spirit.

Use light-hearted humor and eye-catching art work.

Most important, the newsletter should include information people need to know about.

Strive for simplicity in language.

Edit it carefully.

Do not use it to lecture people on the rules.

Ensure prompt distribution after it is published.

Articles may include:

Social events

Meeting notices

Welcome to newcomers

Status of common area repairs

Some rules

Recaps of meetings

Financial reports

Calendar of community events

Important emergency telephone numbers

Names of Executive Committee members and the manager

It may also include paid advertisements from local businesses. This is a great source of income to pay for the newsletter production.

Individual Correspondence

Letters sent to residents will often relate to problems such as late payment of association fees or rules violations. Initial letters should courteously state the situation and ask for help in resolving the issue. Always stress the positive side of such issues. If a follow-up letter must be sent for a continuing violation, it will need to be more firm and explain penalties and the next step the association must take.

Community Residents' Directory

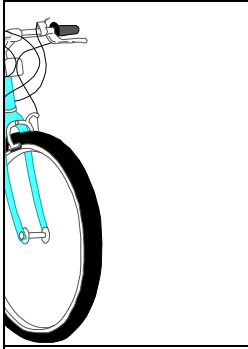
This is a directory of all residents in the community, their names, children's names, office and work phone numbers, and apartment numbers. It is usually published once a year by the owners' association. Each resident should have the opportunity to be "unlisted". The directory will often also include Executive Committee members' names, committee chairpersons, management staff names and phone numbers, emergency numbers, local services, schools and libraries, and local transportation information. A sample directory is included at the end of this module.

Rules and Regulations

A complete set of all current rules should be provided to all owners, either with the welcome letter or as a separate rules booklet. A summarized version or graphic presentation of the rules might be attached to the complete set to assure a clear and simple understanding. Especially important are rules regarding parking, children, guests, pets, use of the hallways, and unit modification procedures. The Rules Enforcement Policy should be included.

Here is how one Owners' Association sent a reminder to all residents about three rules which people violated often.

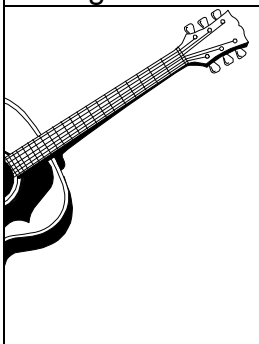




A REMINDER ABOUT SOME IMPORTANT RULES

Please ask your Guests to Park only in the Spaces in Front of the Building marked "Visitor Parking." Owners may not park in the Visitor Parking Spaces.

Let's keep the sidewalks and common areas free for people to walk on, and also prevent bike thefts! Please take all bikes inside your home when you are finished riding!



We all love to play music and have our friends in for a party now and then, but

remember the rule that is fair to your neighbors who want to sleep. **No loud noises which could be heard by neighbors after 12 midnight!**

Welcome Letter

This letter gets new residents started off on the right foot, feeling welcomed, and getting important information they may need until they become familiar with their new neighborhood. A sample welcome letter is enclosed at the end of this module.

Resident Handbook

Some associations develop a handbook so that all owners get the answers to frequently asked questions at a glance. Of course, all owners get a copy of the Association Agreement and a complete list of Rules and Regulations, but the Association Agreement is usually a long document written in legal terminology. A handbook puts the important owner responsibilities and rights in easy to read format, and answers the questions most people ask.

Committee Interest Form

A big decision the association Executive Committee members should make is whether or not they want to establish certain committees to help them do their job. Committees do not have voting power, they do not set policy. But they can help the Executive Committee by completing research and gathering information that will make it easier for the Committee to make educated decisions. Committees can also handle some administrative assignments such as writing and publishing the community newsletter. A committee interest form should not be used unless the Executive Committee has first voted to use committees, and decided exactly what services a committee should perform. It is important to understand that committees exist at the sole discretion of the Executive Committee.

Giving people opportunities to become active participants in their community is part of the association leadership's job. History around the world has proven that many association Executive Committee members first served as a committee member. It is excellent training ground for owners to learn how an association is governed. A sample Committee Interest Form is enclosed at the end of this module.

IN CONCLUSION

The signs of a healthy association are directly linked to a vital and soundly operating communications program. Timely, informative newsletters, complete updates of documents, concise special interest notices, and good attendance at meetings are all indications that the program is working.

The result will be a more smoothly functioning association. Communication programs are well worth the minimal cost and effort expended.

Sample Directory		
of _____ Owners Association		
Unit # _____		
Resident Name _____	Day Phone _____	Evening Phone _____
Co-resident Name _____	Day Phone _____	Evening Phone _____
Other Occupants: _____	Relationship _____	
_____	Relationship _____	
_____	Relationship _____	
Unit # _____		
Resident Name _____	Day Phone _____	Evening Phone _____
Co-resident Name _____	Day Phone _____	Evening Phone _____
Other Occupants: _____	Relationship _____	
_____	Relationship _____	
_____	Relationship _____	
Executive Committee:		
Name _____	Day Phone _____	Evening Phone _____
Name _____	Day Phone _____	Evening Phone _____
Name _____	Day Phone _____	Evening Phone _____
Name _____	Day Phone _____	Evening Phone _____
Name _____	Day Phone _____	Evening Phone _____
Committee Chairpersons:		
Audit Committee	Name _____	
	Day Phone _____ Evening Phone _____	
Maintenance/Safety Committee	Name _____	
	Day Phone _____ Evening Phone _____	
Property Manager:		
Name _____	Day Phone _____	Evening Phone _____
Important Telephone Numbers:		
Primary School Phone Number _____	Address _____	
Secondary School Phone Number _____	Address _____	
Post Office Phone Number _____	Address _____	
Hospital Phone Number _____	Address _____	
Police Phone Number _____	Address _____	
Fire Department Phone Number _____	Address _____	
Train Station Phone Number _____	Address _____	
Heating Regie Phone Number _____	Address _____	
Electricity Regie Phone Number _____	Address _____	
Gas Regie Phone Number _____	Address _____	

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SAMPLE WELCOME LETTER

Dear Resident:

Welcome to your new home and to the _____ Owners Association.

We hope you are pleased with your choice in selecting _____ as your new home. We are confident that in the days and years ahead, you will be pleased as you form and implement the policies and decisions that will affect your living environment.

We are pleased to present you with this Welcome Packet. In producing it, we have attempted to condense the most important information contained in the more detailed Unit Owners Manual you have already received. Our brochure highlights some of the questions you may have about life in our owners association, and explains how you may become involved in the day-to-day activities of the community.

Certain committees have been created by your association and welcome your involvement. They are outlined in the Committee sign-up form, one of the forms enclosed in this packet. We urge you to select a committee you would be interested in serving on and return this form to _____.

Every piece of information in this Welcome Packet was prepared to make things easier for you. Please take the time to review its contents and keep the brochure where you can refer to it.

Your owners association will only be as strong and effective as the individual residents want it to be. Your involvement is needed to ensure the success of the community. Our staff is on the premises to assist you in whatever way they can. Please feel free to call upon them to answer any questions that may arise.

Sincerely,

Chairman, Executive Committee

**SAMPLE
COMMITTEE INTEREST FORM**

Name: _____ Unit: _____
 Address: _____
 Telephone: _____ Date: _____
 (home) (business)

I would like to work on the following committee (in order of preference):

Newsletter Committee - The primary function of this committee is to assist the Executive Committee in keeping the community informed of all activities and functions of the association by preparing monthly newsletters. _____

Audit Committee - The primary responsibilities of this committee are to review the preliminary budget, and review financial reports and procedures. _____

Maintenance/Safety Committee - The purpose of this committee is twofold: to advise and assist the Executive Committee in preserving and enhancing the physical environment of all common property and in identifying safety hazards and developing programs to promote the safety and security of the community. Tasks include inspecting common areas, recommending improvements of these areas, and negotiating contracts with maintenance firms. _____

Recreation/Social Committee - This committee develops social programs responsive to the needs of the community and sets up recreation programs for all interests and age groups. _____

Elections Committee - This committee seeks resident candidates for the Executive Committee at a special election meeting at the end of the organizational period. The committee also prepares for and conducts the elections. _____

I would accept the chairmanship of the committee I am volunteering for:

☐ At this time ☐ In the future

I would be interested in serving on the Executive Committee:

☐ At this time ☐ In the future

I have a ☐ considerable ☐ moderate ☐ small amount of time to devote. The most convenient time for me is ☐ weekends ☐ days
☐ evenings ☐ whenever needed.

SAMPLE

UNIT OWNER SURVEY FORM

Please complete the following form and return it to _____. It is important that your owners association has this information in case of fire, security problems, or medical emergency.

Full Name (Owner No. 1): _____ Nickname: _____

Full Name (Owner No. 2): _____ Nickname: _____

Street Address: _____ Unit No.: _____

Phone Numbers (Owner No. 1): (day) _____ Evening: _____

Phone Numbers (Owner No. 2): (day) _____ Evening: _____

Mailing Address (if different from above): _____

City, Postal Code: _____

Registration Date of Ownership: _____

If your unit is rented, please provide the following information:

Full name (Lessee No. 1): _____

Phone Numbers: (day) _____ (Evening) _____

Full name (Lessee No. 2): _____

Phone Numbers: (day) _____ (Evening) _____

List full names of all persons residing in the unit: (If under 18)

(1) Name _____ Sex _____

Age _____

(2) Name _____ Sex _____

Age _____

(3) Name _____ Sex _____

Age _____

(4) Name _____ Sex _____

Age _____

Automobile: Make _____ Model _____ Color _____ Tag No. _____

In case of emergency contact:

Name _____ Relationship _____

Address _____ City Postal Code _____

Phone Numbers: (day) _____ (Evening) _____